

Bombs Smash 2 U.S. Embassies in Africa, Killing 67

1,100 Are Injured by Explosions Adjacent to Buildings; 8 Americans Are Among the Dead

NAIROBI — Terrorist bombs exploded minutes apart outside the U.S. embassies in Kenya and Tanzania on Friday, killing at least 67 people, injuring 1,100 and turning buildings into mountains of shattered concrete.

At least eight Americans were among the dead in Kenya and seven more were missing, a U.S. Embassy spokesman, Chris Scharf, said. In Washington, a State Department official could confirm only six dead — five embassy employees and a child — but said there may be more.

Kenyan state television reported that the death toll in the Nairobi blast was at least 70 but there was no immediate confirmation of that figure.

In the Tanzanian capital of Dar es Salaam, a U.S. embassy official said six people were killed,

After blast, glass falls like rain. Page 4.

including three Tanzanian guards and two locally hired embassy staff, and 58 people were injured when a car bomb exploded outside the embassy there.

There were no immediate statements by the perpetrators.

The United States immediately stepped up security levels at its embassies worldwide, and it will warn Americans about the dangers of travel to Kenya and Tanzania. The State Department was also set to issue a "worldwide public announcement" urging Americans to exercise "higher security awareness."

"There was no warning and there has been no claim of responsibility," said a State Department spokesman, Lee McClenny.

"These acts of terrorist violence are abhorrent, they are inhuman," President Bill Clinton said, interrupting a bill-signing ceremony in the Rose Garden to comment. "We will use all the means at our disposal to bring those responsible to justice no matter what or how long it takes."

The United States was rushing medical equipment and anti-terrorism teams, including FBI agents and U.S. Marines, to both countries.

In Nairobi, crowds crawled over the twisted and broken concrete and metal from a collapsed building looking for victims, calling out and waving their arms for help to pull bodies from the wreckage and to free trapped people crying for help.

"Once the rubble is cleared further, we expect to find more," said a Red Cross spokeswoman, Nina Galhe.

Another Red Cross worker added, "There are too many dead to count."

Hospital authorities in Nairobi said more than 1,200 people were injured in the blast and issued an appeal for blood.

The Islamic Jihad, a successor to the group that assassinated President Anwar Sadat of Egypt in 1981, vowed last week to strike American interests because some of its members had been arrested in Albania and handed over to Egypt, according to a report Thursday in Al Hayat, an Arabic-language newspaper in London.

Police officers in Nairobi were seen taking an Arabic-speaking man into custody, but authorities made no immediate comment.

In the Middle East, the bombings drew attention to several recent warnings by terrorist groups of possible attacks on American targets.

The most recent was issued only Thursday, when the Jihad, or Holy War, organization, one of Egypt's two main militant groups, warned of "reprisals" against the United States because three "brothers" had secretly been extradited to Egypt from an East European country, apparently Albania.

One of those militants reportedly has been sentenced to death in Egypt by a military court, a Western diplomat in the region said Friday.

According to a news report on the Arabic-language Radio Monte Carlo, which was picked up by Israel Radio, the Jihad statement said: "We want to inform the Americans that we have received their message and are preparing a response. Watch out."

According to a report by Agence France-Presse, an Albanian Interior Ministry spokesperson acknowledged that at least two known Egyptian Islamists were "apprehended" in July. The spokesman was quoted as saying: "The operation was carried out by the Albanian police, who handed the men over to the secret service of a third country."

Some Western diplomats said they discounted the prospect that Jihad militants could have carried out retaliatory bombings so quickly. But the organization has carried out a strikingly similar car bomb attack, sending a suicide bomber to blow up the Egyptian Embassy in Pakistan in November 1995.

Exiled leaders of the Jihad and



Survivors of the Nairobi bombings.



Rescue workers carrying a victim from the Nairobi bombings.

An unidentified man, at left, helping the U.S. ambassador to Kenya, Prudence Bushnell, as she is evacuated from the embassy in Nairobi on Friday after a terrorist bomb ripped through it. Another explosion struck almost simultaneously at the U.S. Embassy in Dar es Salaam, Tanzania. Above, rescue workers carrying a blast victim out of the damaged embassy in Nairobi. At least 67 people were killed in the two attacks.

Attacks an Act of War, Allowing U.S. Reprisal

By Barry James
International Herald Tribune

PARIS — The attacks on the U.S. embassies in Kenya and Tanzania were acts of war, and the United States could take reprisals against the bombers under international law without approval of the United Nations, terrorism experts said Friday.

"If the Americans find Iraqi connections, that could lift the lid right off," said William Gutteridge, director of the Research Institute for the Study of Conflict and Terrorism in England. "If this were the case, I would not be surprised if there were a direct action against Saddam Hussein."

Although a Middle East link has not been established, experts said this was a possibility given the close historical Arab links with East Africa.

The experts also said that U.S. interests could have been targeted by terrorists in Sudan or in Somalia, both of which share Kenya's northern border. There had been no overt anti-Americanism in either Kenya or Tanzania.

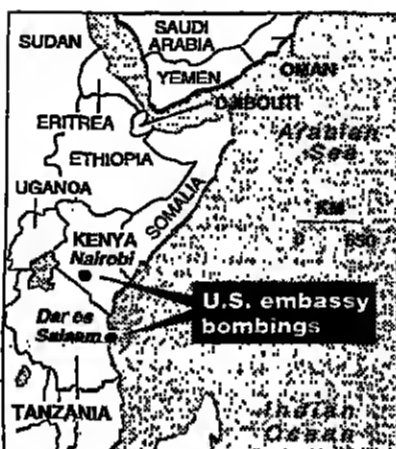
Official concern in Kenya has been more about street crime and banditry rather than terrorism.

"These are very pro-American countries, reaching out, engaging in aid, engaging in trade, good diplomatic relationships bilaterally — so it seems that they were used as convenient sites," Jesse Jackson, the U.S. special envoy to Africa, said in an interview with Cable News Network.

The United States had Kenyan bases during the Gulf War in 1991 and the UN-backed operation in Somalia in 1992, as well as in supporting relief operations following the massacres in Rwanda in 1995.

Both Nairobi and Dar es Salaam appeared to represent a relatively soft target for the terrorists, with the embassies centrally located and accessible by road.

Bombs of the size used Friday would require an exceptional quantity of explosives if they were made of such easily obtainable local materials as fer-



NYT

tilizers. If they were made with a plastic explosive, such as Semtex, they could have been smuggled into the two countries, possibly by road through Sudan, Ethiopia or Somalia.

"Clearly a lot of planning went into them and I suspect that the groups concerned would have been linked to a state sponsor perhaps utilizing the safe haven they have in Sudan," said Paul Wilkins, an expert on international terrorism at the University of St. Andrews in Scotland. In either case, Mr. Gutteridge

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AGENDA

Starr's Office Violated Secrecy Rule, Judge Finds

WASHINGTON (AP) — President Bill Clinton's lawyers have provided enough evidence to indicate that the staff of the independent counsel Kenneth Starr violated grand jury secrecy laws, a federal judge has found, according to court documents released Friday.

Lawyers for Mr. Clinton and White House aides "have established prima facie violations" of the secrecy rule that prohibits disclosure of any grand jury material, Judge Norma Holloway Johnson of U.S. District Court ruled. Even one news article with leaked information could establish a violation, she ruled, adding, "The court finds that several articles establish prima facie violations."

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Speculators Intensify Attack on Asian Money

Yuan and Hong Kong Dollar Face Pressure

By Sandra Sugawara
Washington Post Service

TOKYO — Speculators are intensifying their attacks on Asian currencies in the face of worsening economic news from China and Hong Kong and skepticism over Japan's efforts to stimulate its economy.

Increasing pressure to force the devaluation of the Hong Kong dollar and the Chinese yuan contributed to the weakening of the yen and currencies across the region, traders said Friday. Vietnam devalued its currency, the dong, by 7 percent.

Some economists fear that currency devaluations by China and Hong Kong could trigger a new round of competitive devaluations by other Asian nations, bringing about a dramatic worsening of the economic crisis in a region already facing a serious recession and severe unemployment.

Hong Kong's chief executive, Tung Chee-hwa, warned speculators Friday that the government was "totally able and determined" to keep its currency pegged to the U.S. dollar, according to Reuters. The Hong Kong Monetary Authority acknowledged it sold U.S. dollars this week, although it insisted the action was not intervention, but rather aimed at obtaining money for funding the government budget.

"The attacks have intensified this week," said Adam Levinson, head of trading for Goldman Sachs International Bank in Tokyo. He estimates that the Hong Kong Monetary Authority spent about \$5 billion or more this week to protect the peg. "Asia's in play again," he said.

Traders said a number of factors have converged to create a new erosion of confidence in Asia. In Hong Kong, the high interest rates needed to protect the currency have hit profits and sent the economy, the stock market and real estate values sliding. But Hong Kong authorities say keeping the peg to the dollar has protected Hong Kong from the more volatile currency movements that have hurt banks and businesses in other Asian countries.

Meanwhile, private growth estimates for China have been growing more pessimistic, as evidence emerges that Asia's recession has hit China harder than originally estimated. More recently, it appears that the massive flooding, which has caused thousands of deaths and millions of homeless in China, will have a

The Dollar			
New York	Friday @ 4 P.M.	previous close	
DM	1.78	1.772	
Yen	146.2	144.275	
FF	5.966	5.942	
Pound	1.6285	1.6348	
Dollars per pound			
The Dow			
	Friday close	percent change	
S&P 500	8,598.02	+0.24%	
Nasdaq	1,089.45	-0.02%	
	1,846.77	+0.94%	

Funds Vanished In Scam Linked To Government, Chinese Charge

By Michael Laris
Washington Post Service

BEIJING — Hundreds of angry investors staged two bold demonstrations in the heart of China's capital Friday, demanding that authorities reimburse millions of dollars they claim was swindled by officials from a futures trading house with government connections.

Dozens of police stood guard around the ornate marble entrance to the Xinguoda Futures Co. Ltd., in eastern Beijing, but they did not try to break up the more than 700 peaceful demonstrators who stood on the company grounds for six hours.

Demonstrators also gathered near Tiananmen Square and tried to march to the main gate of the Communist Party headquarters, Zhongnanhai, but they were blocked by police, participants said.

Police were seen Friday inside the company offices searching for clues. Company representatives said that four top managers appeared to have fled, including one executive, a Taiwanese businessman, who the company said holds an American passport.

Millions of Chinese are now especially vulnerable to bad investment advice, unsophisticated get-rich-quick schemes, and old-fashioned fraud.

China's swift market reforms have broken the cradle-to-grave system of social benefits known as the iron rice bowl, and ordinary citizens are being forced for the first time to plan for their own financial futures.

Many of the people who invested with Xinguoda had recently been laid off. The company promised astronomical returns and guaranteed jobs for oth-

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Lewinsky Tells Grand Jury Of 18-Month Clinton Affair

By Peter Baker
Washington Post Service

WASHINGTON — Monica Lewinsky has told a federal grand jury that she engaged in numerous sexual liaisons with President Bill Clinton at the White House, recanting her statement in the Paula Jones lawsuit and contradicting the president's sworn and televised denials, a source familiar with her testimony said.

Ms. Lewinsky, 25, the former White House intern whose ties to Mr. Clinton now threaten his presidency, offered the jury Thursday the same account that she previously provided the independent counsel, Kenneth Starr — a tale of an 18-month affair that they tried to cover up, the source said.

While Mr. Clinton never directly asked her to lie in the Jones case, Ms. Lewinsky told investigators that she and he developed "cover stories" to hide their sexual involvement.

Ms. Lewinsky's arrival at the federal courthouse here capped the 28th week of grand jury proceedings that were sparked by her tape-recorded descriptions of a sexual relationship that both she and Mr. Clinton denied under oath

in the Jones case in January. While Ms. Lewinsky is hardly the first woman said to have had an affair with a U.S. president, she became Thursday the first to testify about it in a criminal investigation of a president.

"She answered each question truthfully, completely and honestly that was

Most Americans indifferent to the Clinton-Lewinsky scandal. Page 3.

posed to her by the Office of Independent Counsel and also questions that were posed to her by members of the grand jury," a family spokesman, Judy Smith, said after Ms. Lewinsky returned to her apartment here at the end of the day. "Monica and her family are relieved that this ordeal finally appears to be coming to an end."

Ms. Lewinsky appears to be done testifying, at least until Mr. Clinton answers questions from the White House on Aug. 17 in a session that will be transmitted to the grand jury at the courthouse by closed-circuit television. Prosecutors could bring her back after

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Warning: Smoking Cigars May Be 'Trading With the Enemy'

By Glenn Collins
New York Times Service

NEW YORK — Federal officials have charged the operators of a stylish restaurant and a private men's club in Manhattan with selling banned Cuban cigars.

On Thursday, four other men were also arrested on cigar-related charges.

On Wednesday, federal agents armed with search warrants seized hundreds of boxes of cigars from the

walk-in humidor of the Patron Restaurant on East 46th Street and the Racquet and Tennis Club on Park Avenue. A federal spokesman put the value of the cigars at several hundred thousand dollars.

Robert Gressler, a manager at the Racquet and Tennis Club, and Alex Hasbany, the manager of the cigar room at the Patron, were arrested on charges of conspiring to violate the Trading With the Enemy Act by buying and selling cigars made in Cuba.

The four others arrested Thursday were released on their own recognizance. "This makes no sense,"

said Michael Kennedy, a lawyer for one of the men arrested. "It is both absurd and arcane to think that an individual American who buys a cigar from another American can be arrested for trading with the enemy."

Some cigar-lovers also bristled at the prosecutions. "At a time when there aren't enough agents to go after drug dealers, it seems ridiculous that they have the manpower to chase down Cuban cigars," said Mark Grossich, the owner of the cigar concession at three cigar-friendly bars in Manhattan.

Newstand Prices	
Bahrain	1,000 BD Mella 55 c
Cyprus	C £ 1.00 Nigeria 12500 Naira
Denmark	14.00 DK Krone 1.250 OR
Finland	12.00 FM Oula 10.00 QR
Gibraltar	£ 0.65 Rep. Island £ 1.00
Great Britain	£ 0.50 Saudi Arabia 10 SR
Egypt	£ 5.50 S. Africa R12 + VAT
Jordan	1.250 JD U.A.E. 10.00 DH
Kenya	K Sh 160 U.S. Ml (Eur) \$ 1.20
Kuwait	700 Fils Zimbabwe 2m \$40.00



BRIEFLY

Europeans Press NATO on Kosovo

PARIS — The Western European Union called Friday for NATO to intervene in Kosovo, saying immediate military action was needed to end the war there.

The Western European Union comprises 10 full members and 18 observers. It is the only defense body that purports to speak for Europe alone.

"It is now clear that the use of force is the only means of bringing about a political agreement, with which the parties must be forced to comply," the president of the union, Luis Maria de Puig, said in a statement headlined "Enough is Enough." (Reuters)

Turkey to Ask U.S. Not to Arm Greece

ANKARA — Turkey will try to persuade the United States to halt anti-aircraft missile sales to Greece, the Anatolian news agency said Friday.

It said Turkey would present evidence to U.S. officials showing Greek government aid for guerrillas of the Kurdistan Workers Party in Turkey. It said Turkey was worried that U.S. shoulder-fired Stinger missiles would fall into Kurdish rebel hands.

Greece denies Turkish accusations that it aids the Kurdish rebels.

Turkey has threatened military force to prevent the deployment this year of Russian-made anti-aircraft missiles by the Greek Cypriot government. (Reuters)

Kohl's Chosen Heir Still Wants the Job

BONN — A spokesman for Wolfgang Schäuble, Chancellor Helmut Kohl's preferred successor, dismissed speculation that Mr. Schäuble was no longer interested in the top job.

"All the speculation is wrong," Mr. Schäuble's spokesman, Walter Bajohr, said.

Mr. Kohl, trailing in the polls, has said repeatedly he would like Mr. Schäuble to succeed him — without saying exactly when.

Ingeborg Schäuble, Mr. Schäuble's wife, was quoted this week — less than eight weeks before elections — as saying that her husband ought to remain leader of the Christian Democratic Party in Parliament. (Reuters)

Correction

A report in Thursday's editions about the rebellion in Congo misidentified the organization that a rebel leader, Arthur Z'ahidi Ngoma, once worked for. It is the United Nations Educational, Scientific and Cultural Organization, not the United Nations Children's Fund.



FULL RATION — Women using pots to ward off the sun while waiting for food allotments Friday in Baghdad.

French Ex-Minister Is Under Inquiry

By Craig R. Whitney
New York Times Service

PARIS — A conservative former French defense minister and an aide were formally placed under investigation Friday on suspicion of participating in a money-laundering scheme to finance their political party.

François Lottard, who considered running for the presidency of France three years ago, emerged from a session with an investigating magistrate, Laurence Vichnievsky, in a furor, yelling, "A fist in the face," to a reporter who asked him what had happened. Under French law, being placed under investigation is one step short of being charged.

Officials said that the investigation, one of scores over the past decade that have exposed shakedown, phony front companies and systematic fraud in the financing of French political parties, was focused on 5 million francs (\$840,000) in small bills that were deposited in a Luxembourg bank for Mr. Lottard's Republican Party in June 1996.

Simultaneously, according to lawyers familiar with the case, the party, later renamed Liberal Democracy, received a loan in the same amount from an obscure Milan bank. The money was used to finance the purchase of the party's Paris headquarters, according to Mr. Lottard's supporters.

Mr. Lottard's lawyer, Jean Veil, said his client had denied all charges of wrongdoing, as had the aide placed under investigation with him, Renaud Donnedieu de Vabres.

French press reports have said that Mr. Lottard had told investigators that the cash came from savings in special funds provided to the party by the prime minister's office. The investigating judge is said to be pursuing charges that the Milan bank, the Fondo Sociale di Cooperazione

Europe, had agreed to be used as a front and not to claim repayment of the loan.

French law since 1995, after a wave of party financing investigations and indictments, has forbidden corporations and — presumably, the government — from making political contributions. Allowances are openly provided to established political parties from public funds.

Mr. Lottard, 56, was defense minister in the conservative government of Prime Minister Edouard Balladur from 1993 to 1995. Since 1996, he has headed the Union of French Democracy, a centrist conservative umbrella group that

fractured this year after some of its leaders accepted support from the extreme-right National Front in order to hold power in regional parliaments. Mr. Lottard's own party left the Union of French Democracy then.

He and Philippe Seguin, the leader of President Jacques Chirac's Gaullist Rally for the Republic party, announced in May the formation of a conservative umbrella group called the Alliance, in hopes of rebuilding the French right after it lost legislative elections last year to a leftist coalition headed by Prime Minister Lionel Jospin, a Socialist.

A Call for Concentration Camps

French Journal's Editorial on Immigrants Provokes Outrage

PARIS — French politicians, Jewish groups and anti-racism activists all reacted with outrage Friday to a far-right newspaper's call for police roundups and concentration camps to rid France of illegal immigrants.

National Hebdo, a weekly that supports the National Front party and its leader, Jean-Marie Le Pen, ran a front-page editorial that said Nazi methods were "indispensable tools for a just cause."

The Representative Council of French Jewish Institutions said the editorial was a provocation for people who had lost relatives in the Holocaust.

"It is scandalous to find such proposals in a French journal," it said. The editorial appeared after a small group of illegal immigrants occupied the Vatican's Paris embassy last weekend in a bid to obtain residence permits.

Serb Forces Overrun Rebels' Former Base

Offensive in Kosovo Appears 'Nearly Over'

The Associated Press

PRISTINA, Yugoslavia — Serbian forces overran the former headquarters of Albanian rebels in central Kosovo on Friday and appeared to have driven the secessionists from most of their remaining strongholds in the strategic region.

A top Serb police official, speaking on condition of anonymity, said the offensive in Kosovo, which had uprooted nearly 200,000 people and left hundreds dead, was "nearly over."

He said that the remaining reports of fighting were only "final mop-up operations" against ethnic Albanian militants and their remaining pockets of resistance.

Later Friday, Serbian forces entered the village of Likovac, where the U.S. envoy, Christopher Hill, met last week with commanders of the Kosovo Liberation Army. Under sniper fire, the troops moved from house to house, clearing out the last pockets of resistance in the village and setting fire to houses and haystacks.

Elsewhere in the region, Kosovar troops were fleeing from advancing Serbian forces.

Serbian sources said most of the fighting was now centered on escape routes into Albania, where the rebels maintain sanctuaries. In the Albanian capital of Tirana, state television reported that 71 refugees had crossed into the country from Kosovo in the last 24 hours.

The ethnic Albanian leader Ibrahim Rugova accused Belgrade of molesting "hundreds" of Albanians in prisons that have become "mass camps."

"We are demanding international protection, and we would appreciate any international intervention to stop the Serb war machinery," Mr. Rugova said in the provincial capital of Pristina.

Mr. Rugova's aides said he spoke Friday with Secretary of State Madeleine Albright, who expressed support for his "peaceful policy" in resolving the crisis. The statement made no mention of any promise of U.S. military intervention.

Mr. Rugova declared Friday a day of mourning for hundreds killed in the Serbian offensive. About 2,500 Albanian women held a brief candlelight vigil in Pristina in solidarity with those affected by the fighting.

The UN refugee agency estimates that roughly 200,000 people have fled to Kosovo's woods and hills, and many of them lack food, water and other essentials. Officials worry that scorching summer temperatures and a lack of hygiene could cause disease to get in.

In Washington, the Pentagon announced that hundreds of U.S. Marines are to participate in NATO military exercises in neighboring Albania and Macedonia in the coming months, starting with a one-week maneuver that begins in Albania on Aug. 17.

A NATO spokesman at the meeting of the North Atlantic Council on Friday in Brussels said plans for possible military intervention in Kosovo were

nearly complete.

In Paris, Anne Gazeau-Secret, a Foreign Ministry spokeswoman, said that if President Slobodan Milosevic of Yugoslavia did not heed calls to start a political dialogue and stop military action, he faced "all the consequences, and I make a point of saying all."

France and Germany are planning a joint mission to Belgrade on Wednesday to assess the situation.

But with the Kosovars clearly on the run, it appeared likely that fighting could end simply because the Serbs have gained the upper hand.

Kosovo is a province in southern Serbia, where ethnic Albanians, who demand independence, represent 90 percent of the population. Serbia and the smaller republic of Montenegro make up what is left of Yugoslavia.

Convicted Killer Of Mountbatten Gets Out of Jail

Agence France-Press

DUBLIN — An Irish Republican Army guerrilla who murdered Earl Mountbatten, a member of the British royal family, was freed from prison late Thursday under the terms of the Northern Ireland peace agreement, Irish officials said.

Thomas McMahon, 50, was convicted of killing Lord Mountbatten, the Dowager Lady Brabourne and two others. They died in an explosion on their small fishing vessel off the northeastern coast of Ireland in August 1979.

Earl Mountbatten was a cousin of Queen Elizabeth II and the last viceroy of India before independence in 1947.

Mr. McMahon has been released temporarily on an almost weekly basis for the past two years as part of a pre-release program agreed by the Irish government. He was one of the longest-serving prisoners in Ireland.

Last weekend, the Irish government freed six Irish Republican Army members from Dublin under the terms of the April 1996 peace deal. It permits the early release of convicted terrorists from paramilitary organizations that observe a cease-fire. The IRA and the two main Protestant militias, the Ulster Volunteer Force and the Ulster Defense Association, currently comply.

Mr. McMahon, from County Armagh in the south of Northern Ireland, gave up his links with the IRA more than a decade ago. He was kept in custody at the lower-security Maze prison in Belfast after his transfer from Portlaoise.

He had spent a considerable amount of time on pre-release visits to family and friends before the announcement Thursday.

TRAVEL UPDATE

Mount Olympia Fire Rages On

ATHENS (AFP) — Fires that have been scorching land around the Greek capital for the last week began to abate Friday, but a haze continued on Mount Olympia, firefighters said.

The situation in parts of the southern Peloponnese region deteriorated Friday, as the districts of Elide, Messenia and Arcadia were placed under a state of emergency.

Greek firefighters mounted a massive effort Thursday to save ancient Olympia, the home of the Olympic games, from a haze that passed within kilometers of the site in the west Peloponnese.

BA Discounts Fares This Weekend

LONDON (Bloomberg) — British Airways will sell as many as 2 million tickets at discounts of up to two-thirds this weekend in what the carrier called its biggest summer sale in years.

Most of the discounts are for flights from London to Continental Europe, including round-trip tickets to Paris for £69 (\$110), Nice for £79 and Barcelona for £59. It is also selling a handful of long-haul flights at discounts, including Bermuda for £199 and Dubai for £259.

Travel must take place between Saturday and Nov. 30, with a minimum two-night stay, and the tickets must be booked by midnight Sunday.

WEATHER

Forecast for Sunday through Tuesday, as provided by AccuWeather.

Europe				Asia			
City	Today	High	Low	City	Today	High	Low
Algeria	20/11	20/11	10/11	Algeria	20/11	20/11	10/11
Amsterdam	18/11	18/11	10/11	Amsterdam	18/11	18/11	10/11
Antwerp	18/11	18/11	10/11	Antwerp	18/11	18/11	10/11
Athens	20/11	20/11	10/11	Athens	20/11	20/11	10/11
Berlin	18/11	18/11	10/11	Berlin	18/11	18/11	10/11
Bombay	20/11	20/11	10/11	Bombay	20/11	20/11	10/11
Buenos Aires	20/11	20/11	10/11	Buenos Aires	20/11	20/11	10/11
Calcutta	20/11	20/11	10/11	Calcutta	20/11	20/11	10/11
Chennai	20/11	20/11	10/11	Chennai	20/11	20/11	10/11
Colombo	20/11	20/11	10/11	Colombo	20/11	20/11	10/11
Dhaka	20/11	20/11	10/11	Dhaka	20/11	20/11	10/11
Delhi	20/11	20/11	10/11	Delhi	20/11	20/11	10/11
Dubai	20/11	20/11	10/11	Dubai	20/11	20/11	10/11
Guangzhou	20/11	20/11	10/11	Guangzhou	20/11	20/11	10/11
Hong Kong	20/11	20/11	10/11	Hong Kong	20/11	20/11	10/11
Jaipur	20/11	20/11	10/11	Jaipur	20/11	20/11	10/11
Kolkata	20/11	20/11	10/11	Kolkata	20/11	20/11	10/11
London	18/11	18/11	10/11	London	18/11	18/11	10/11
Los Angeles	20/11	20/11	10/11	Los Angeles	20/11	20/11	10/11
Manila	20/11	20/11	10/11	Manila	20/11	20/11	10/11
Mumbai	20/11	20/11	10/11	Mumbai	20/11	20/11	10/11
Nairobi	20/11	20/11	10/11	Nairobi	20/11	20/11	10/11
Paris	18/11	18/11	10/11	Paris	18/11	18/11	10/11
Peking	20/11	20/11	10/11	Peking	20/11	20/11	10/11
Rangoon	20/11	20/11	10/11	Rangoon	20/11	20/11	10/11
Rio de Janeiro	20/11	20/11	10/11	Rio de Janeiro	20/11	20/11	10/11
Singapore	20/11	20/11	10/11	Singapore	20/11	20/11	10/11
Sydney	20/11	20/11	10/11	Sydney	20/11	20/11	10/11
Taipei	20/11	20/11	10/11	Taipei	20/11	20/11	10/11
Tokyo	20/11	20/11	10/11	Tokyo	20/11	20/11	10/11
Yokohama	20/11	20/11	10/11	Yokohama	20/11	20/11	10/11

Legend: heavy, p, partly cloudy; c, cloudy; sh, showers; h, heavy rain; dr, drizzle; f, fog; s, snow; w, wind; v, very; m, moderate; l, light; n, none.

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BELGIUM LUXEM	1.50	0.50	66%
DENMARK	1.50	0.50	66%
FINLAND	1.50	0.50	66%
FRANCE	1.50	0.50	66%
GERMANY	1.50	0.50	66%
GREAT BRITAIN	1.50	0.50	66%
HONG KONG	1.50	0.50	66%
INDIA	1.50	0.50	66%
ITALY	1.50	0.50	66%
JAPAN	1.50	0.50	66%
MALAYSIA	1.50	0.50	66%
NETHERLANDS	1.50	0.50	66%
NORWAY	1.50	0.50	66%
PORTUGAL	1.50	0.50	66%
SINGAPORE	1.50	0.50	66%
SPAIN	1.50	0.50	66%
SWEDEN	1.50	0.50	66%
SWITZERLAND	1.50	0.50	66%
USA	1.50	0.50	66%

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House Votes To Overhaul Campaign Financing

By Alison Mitchell
New York Times Service

WASHINGTON — Ending a struggle that has gone on for months, the House has approved a bipartisan bill to overhaul the way the nation's political campaigns are financed, shifting the spotlight back onto the Senate.

In a final rebuke to the Republican leadership, the House vote for passage of the bill — sponsored by Christopher Shays, Republican of Connecticut, and Martin Meehan, Democrat of Massachusetts — was 252 to 179. That was even stronger than a preliminary vote this week.

Despite the surprising resiliency of the issue in the House, the legislation is thought to have little chance in the Senate, where it obtained the support of a bare majority earlier this year and died in a Republican filibuster.

"The Senate has dealt with this issue already," said John C. Cavanaugh, a spokesman for Trent Lott, majority leader of the Senate. "There's no more of a consensus now than there was in the spring."

But heartened by a victory that would have seemed improbable just a few months ago, the bipartisan House coalition immediately turned its attention to the Senate.

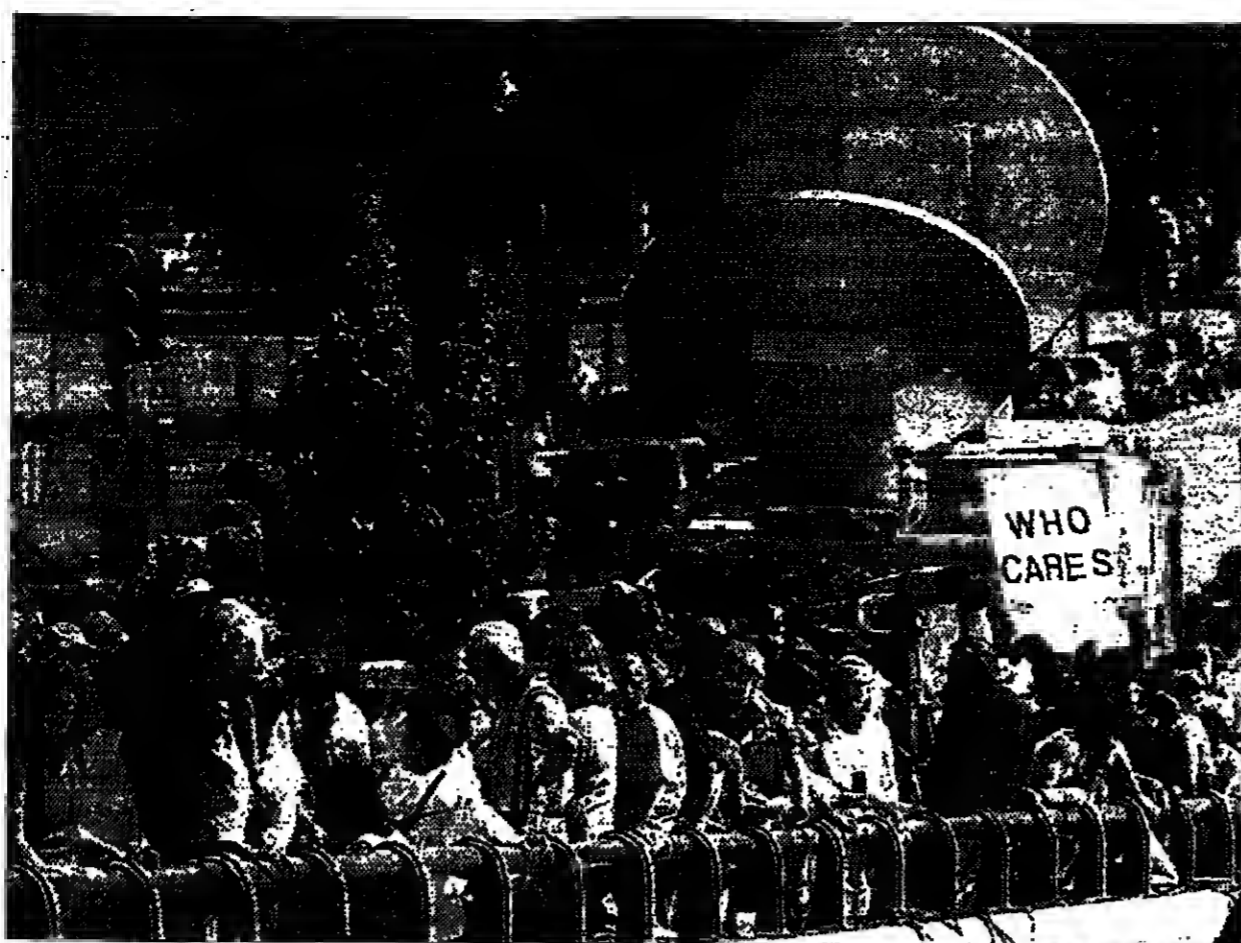
Shortly after the vote, Representative Zach Wamp, Republican of Tennessee, waved in the air the green-covered record of last year's campaign finance hearings in the Senate, which focused on the abuses of the 1996 presidential election.

"The Senate started this process," Mr. Wamp said. "We have paved the way. And we want the American people to weigh in over the next five weeks, get on the phone and get the Senate to take this issue back up in September."

Mr. Lott should be asked "a simple question," said Representative Tom Allen, Democrat of Maine. "What's wrong with a bill that has majority support in the House of Representatives and majority support in the Senate?"

The Shays-Meehan legislation would effectively end so-called soft money, the unlimited and unregulated donations to the political parties used to evade post-Watergate limits on contributions to individual candidates.

It would also more strictly regulate independently sponsored ads that identify a candidate within 60 days of an election.



Tourists and journalists waiting near the courthouse in Washington while Monica Lewinsky was questioned.

Lewinsky Fuss Puzzles Many in U.S.

'It Makes Us Monkeys in Front of the Whole World,' Citizen Says

By Josh Getlin
and Richard Winton
Los Angeles Times Service

Far from the media echo chambers of Washington and New York, most Americans are not exactly holding their breath over daily developments in the scandal of President Bill Clinton and Monica Lewinsky.

On Main Street, the majority do not wait for bulletins about the latest grand jury witness. Few scour the headlines for news of Kenneth Starr's court victories, and even fewer seem to care about the partisan winners and losers.

"It's nobody else's business, it's all between him and Mrs. Clinton," said Patricia Jones, arranging religious artifacts for sale in Atlanta's historic Sweet Auburn Curb Market. "The press is blowing it all out of proportion, and I'm tired of it."

In the Chicago Institute of Art, Mark Jimenez echoed that view, saying, "I don't want to avoid the truth. But isn't there other news in America that's more important than this?"

From a Miami Beach seniors center and a Pasadena, California, bookstore to

a Colorado small town and a New Jersey diner, Americans may have different reactions to the scandal, but most seemed to agree on one thing: The story has taken up too much time and prevents the nation from focusing on more pressing issues.

"Our representatives know how we feel, so let's tell them: 'Enough is enough!'" said Anne Rice at a Miami Beach seniors center.

From the beginning, pollsters say, most Americans made up their minds on the scandal. They believed the president had sex with his intern, and most concluded that he had not told the truth.

They are troubled by his personal behavior but do not believe that he should resign or be impeached.

Many are repelled by the sexual savagery of the story, but that has not prevented others from following the saga with fascination. Whether these attitudes will shift after the Lewinsky's grand jury testimony is unclear, but pollsters who have been tracking the scandal say grassroots distaste for it remains strong.

How big is the gap between Washington and Main Street?

"It's very real," said Kathleen Frankovic, who directs polling for CBS News. "I was in Seattle last week, and this is not what people are talking about."

Indeed, there may be a growing number willing to tolerate some level of presidential lawbreaking. According to a January ABC poll, 65 percent said Mr. Clinton should resign if he had lied under oath about the affair.

In a poll released last week, however, ABC found that only 45 percent believed he should resign if he had lied. Perhaps most remarkably, only 29 percent of Americans are following the story closely, according to the Pew Research Center.

The talk is hot inside a brick diner in New Jersey, as truckers sip coffee and smoke. Many of them come to Bambi's Luncheonette in North Brunswick every day, where signs on the wall advertise homemade soup and meatloaf platters.

"This scandal is so publicized and open now, it's bad for the international view of the presidency of the United States," said the owner, Tom Sardis, 51. "It makes us monkeys in front of the whole world."

Gingrich Shifts Tack In Push for Tax Cut

WASHINGTON — Newt Gingrich, speaker of the House, has conceded that huge tax cuts would probably have to be put off to next year, but House Republican leaders said they would forge ahead this fall with a more modest tax cut in the belief that President Bill Clinton would ultimately accept it.

In meetings with fellow Republicans over the last week, Mr. Gingrich has said Mr. Clinton will probably accept a bill cutting taxes by a maximum of \$70 billion to \$80 billion over five years.

On the one hand, the speaker's decision Thursday can be seen as a retreat in the face of opposition from Mr. Clinton and moderate Republicans. Mr. Gingrich and other conservatives had been promoting legislation that would cut taxes by \$167 billion over five years and by \$700 billion over 10 years.

On the other hand, Republicans said, the strategy could prove to be a big advance toward getting a tax cut enacted into law this year.

Senate Republicans had made clear that they would not approve tax cuts of the magnitude that Mr. Gingrich originally wanted. And the White House sounded cool even to the idea of a more modest tax cut.

Calls for a tax cut have been spurred by the projection of a \$63 billion budget surplus this year. (NYT)

Files on Nazi Crimes Likely to Be Opened

WASHINGTON — Legislation awaiting President Bill Clinton's sig-

nature will open thousands of classified World War II and Cold War-era files on Nazi war crimes and criminals.

The president has indicated his support for the legislation, the Nazi War Crimes Disclosure Act.

Several government agencies, including the CIA, the State Department and the Defense Department, previously refused to declassify the documents, citing national security.

"Some of the information might prove embarrassing for the United States," said Representative Carolyn Maloney, Democrat of New York, who sponsored the bill in the House. "But there are important lessons to be learned from some of those documents."

The House passed it Thursday by unanimous voice vote. The Senate in June approved the legislation.

The bill would create a multi-agency group to administer and release documents. It also would require the government to disclose now-secret information about individuals who participated in Nazi war crimes and what their relationship was to U.S. intelligence agencies.

The legislation also would smooth the way for historians and Holocaust survivors to obtain documents. (AP)

Quote/Unquote

Representative Asa Hutchison, Republican of Arkansas, reflecting Thursday on the ambivalence within the Republican Party over the possibility of impeachment proceedings against President Bill Clinton: "The assumption is that something is coming in our direction. I don't think we want to receive it, but it's a duty that we have to deal with it when it comes, not at a politically convenient time." (NYT)

Away From Politics

• The burgeoning Hispanic population in the United States is nearing 30 million and in seven years will overtake blacks as the country's largest minority group, the Census Bureau reported. (NYT)

• Police officers in Olympia, Washington, were searching for four young bank robbers — one as young as 12 — who displayed the kind of cool usually expected from hardened criminals, robbing a bank in just 53 seconds. (AP)

• Thousands of travelers were ordered out of a Los Angeles International Airport terminal and three planes were evacuated after a handgun was spotted in a woman's carry-on bag. She disappeared before agents could check the bag. (AP)

• The Social Security Administration has paid U.S. state prisons and local jails more than \$6.2 million in overtime for uncovering 17,280 inmates who were collecting welfare benefits while behind bars. (AP)

• Prosecutors argued against bail for a 69-year-old Philadelphia woman accused of suffocating eight of her children half a century ago, over a period of 19 years. (AP)

• A former Green Beret sergeant has filed a \$100 million defamation suit against CNN, one of its leading correspondents, Peter Arnett, and Time magazine for a report, later retracted, claiming that his unit used deadly nerve gas on American deserters in Vietnam. (AP)

BRIEFLY

Opposition Rejects Burma Talks Offer

RANGOON — Burma's military government offered concessions to the opposition led by Daw Aung San Suu Kyi on Friday, the day before the 10th anniversary of a bloody army crackdown on pro-democracy campaigners.

The government invited the National League for Democracy to meet with the deputy minister for home affairs, Myint Maung, at the ministry Saturday. But the invitation excluded Daw Aung San Suu Kyi and two other senior league members, and the league turned down the talks, a spokesman for the ruling State Peace and Development Council said.

The government also said that it was prepared to comply with a request from Daw Aung San Suu Kyi that it withdraw guards from the grounds of her Rangoon house. Earlier Friday, witnesses said the number of security guards at Suu Kyi's home had been doubled, to about 15.

One diplomat said the government appeared to want to calm tension between the two sides before the August 8 anniversary. (Reuters)

Pakistan Reshuffle

ISLAMABAD, Pakistan — Finance Minister Sartaj Aziz took over Friday as foreign minister in the first cabinet shuffle by Prime Minister Mian Nawaz Sharif of Pakistan since nuclear tests in May, officials said.

Mr. Sharif appointed the economist Hafiz Pasha as his adviser on finance to grapple with the economic crisis sparked by international sanctions imposed after the tests.

The new foreign minister's major task is to handle negotiations with the United States and other major powers pressuring Pakistan and India to sign the Comprehensive Test Ban Treaty. (AFP)

Peru Power Struggle

LIMA — Prime Minister Javier Valle Riestra of Peru has offered to resign, saying it would be "madness" for him to stay in office given his differences with the administration of President Alberto Fujimori.

Mr. Valle Riestra, a former political opponent whom Mr. Fujimori named to the post two months ago, said he was resigning because of repeated clashes with hard-liners in the administration.

Mr. Fujimori surprised even his own supporters when he appointed Mr. Valle Riestra. Analysts say it was an attempt to improve his government's authoritarian image. (AP)

DNA Tests, Like One for Dress, Gain Trust

By Gina Kolata
New York Times Service

NEW YORK — Now that the FBI has begun analyzing the stain on Monica Lewinsky's dress, looking for DNA, forensic scientists say that the path should be clear to answer a number of questions quickly and reliably.

And, despite early arguments over its use, lawyers and scientists agree that properly conducted DNA analysis is convincing evidence — though jurors are still free to disregard it.

"Most of the time it works pretty well, particularly if you have an ample sample," said William Thompson, a law professor at the University of California at Irvine who often works with defense attorneys and who has been sharply critical of DNA work.

Analysis of DNA, the material in human cells that records each person's individual genetic inheritance, cannot give absolute proof that a given sample came from a particular person. But scientists can calculate the odds and their calculations are persuasive.

"If you prove it to one chance in a million or one chance in a hundred thousand, that's better proof than most of us ever see," said Charles Brenner, a forensic mathematician in Berkeley, California.

But the actual process of analyzing a given piece of evidence, like the stain on the dress that Ms. Lewinsky provided to prosecutors, is a

complicated matter. It is easy to cut off a tiny piece of fabric containing the stain and then soak off the cells on that fabric. But what is then learned depends on what questions are asked.

The Federal Bureau of Investigation, which is conducting the tests on Ms. Lewinsky's dress, will not comment on how it is proceeding or what tests it is using. But others who are familiar with forensic testing described standard methods.

The first task is to look for sperm cells. To do that, investigators like to use a Christmas tree stain, named for the way it colors cells, said Edward Blake, a forensic scientist at Forensic Science Associates of Richmond, California.

With this stain, a cell's nucleus, where DNA is located, stains red. The surrounding cytoplasm turns green. Sperm are easily visible because they have virtually no cytoplasm and so, unlike other cells in the body, they stain only red.

If they see sperm in the sample, scientists would want to isolate the sperm's DNA. A semen stain would have abundant material, scientists said. All that is needed for a successful DNA test is 300 sperm. Even a drop of semen the size of a pinhead normally contains 50 million to 100,000 sperm, Mr. Blake said.

To isolate the sperm DNA, scientists would exploit another distinctive feature of sperm cells: They are surrounded by an extraordinarily tough membrane, unlike any in the body with the exception of one that surrounds hair cells. Forensic scientists would break open all the

other cells with an enzyme, allowing the DNA to spill out of these cells. Then they would separate out the still-intact sperm cells and hack them open with a more powerful enzyme.

The quickest DNA test focuses on six genes that vary slightly from person to person. With one of the genes, dq alpha, individuals can have any of 28 distinct gene patterns. The five other genes come in either three or six variants. Enumerating the list of possible combinations of gene patterns is almost like the list of possible combinations in a lottery game. Take one of 28 possibilities for dq alpha. Take one of three possibilities for the low density lipoprotein receptor gene and one of six for the hemoglobin gene, and so on.

There is only one chance in 3,000 that two people, by chance, would have exactly the same combinations of the genes, Mr. Blake said.

Since so much might hinge on the result of the DNA test, forensic investigators might want to confirm it with an even more sensitive test that looks for individual variations in repeated segments of DNA.

An individual's pattern of these repeated segments is essentially unique. But the standard test to look for such a pattern can take months. A newer test, which looks for shorter repeated DNA segments, can be completed in days, Mr. Blake said. But labs have less experience with it, and results from it might be more vulnerable to challenge in court, he added.

CLINTON: Lewinsky Tells Grand Jury About Relationship

Continued from Page 1

that to address any conflicting statements by the president, legal experts said.

Compared with other central figures in Mr. Starr's investigation, Ms. Lewinsky had a strikingly brief visit with the grand jurors, who had listened to her voice for months on the secretly recorded tapes and apparently were eager to hear her account delivered in person.

Mr. Starr's office was familiar with what Ms. Lewinsky would have to say, having spent most of eight days debriefing her in detail. She resisted testifying until Mr. Starr gave her and her parents full immunity from prosecution last week in exchange for her cooperation.

For Ms. Lewinsky, the session brought her full circle. On Jan. 7, she signed an affidavit in which she said, "I have never had a sexual relationship with the president." Over the last week, she has explained to prosecutors how she came to make that assertion, growing emotional at times as she has done so.

Thursday, when prosecutors quizzed her about sensitive subjects, was particularly difficult.

"It was very hard for her to talk about private matters in public," said a person close to the situation.

Among other things, Ms. Lewinsky was asked about her dealings with Mr. Clinton's friend, Vernon Jordan Jr., and the presidential secretary, Betty Currie, and whether

their assistance to her constituted an implicit trade-off for her denial of an affair in the Jones case.

Mr. Jordan set up job interviews for her in New York and found her the lawyer who helped her draft the Jan. 7 affidavit. Mrs. Currie accepted back gifts that Mr. Clinton had given Ms. Lewinsky and that were subpoenaed by Jones's lawyers.

Sources have said that Ms. Lewinsky told prosecutors that Mr. Clinton suggested hypothetical ways to avoid turning over the gifts to the Jones team. However, she also reportedly said that there was no explicit quid pro quo mentioned in relation to the job help.

As part of her immunity agreement, Ms. Lewinsky has given Mr. Starr phone message recordings containing Mr. Clinton's voice, a photograph with his inscription on it and, most critically, a navy blue dress that is being tested by the Federal Bureau of Investigation for evidence that could be linked to the president.

Mr. Clinton's lawyers, meanwhile, proceeded with their preparations for the president's testimony. David Kendall, Mr. Clinton's private attorney on the Whitewater and Lewinsky investigations, tried Thursday to get access to his client's Jan. 17 videotaped deposition in the Jones case, in which he denied having sex with Ms. Lewinsky.

While a transcript of that session is available, the videotape remains in the hands of a U.S. District Court judge, Susan Webber Wright, who

dismissed the Jones case in April.

Mr. Kendall wants to fly to Little Rock, Arkansas, to view the tape in Judge Wright's courthouse, but because he did not represent Mr. Clinton in the Jones matter, the president's other attorney, Robert Bennett, had to file a sealed motion Thursday seeking an exception to the "gag" order, said a source familiar with the situation.

Judge Wright is expected to rule after hearing from Mr. Jones's lawyers, who unsuccessfully have sought access to the tape and oppose giving Mr. Kendall access to it.

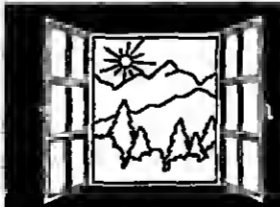
In another legal proceeding born out of the Lewinsky case, a grand jury met in Maryland to hear from a state prosecutor investigating whether Linda Tripp, the former Lewinsky friend who made and gave to Mr. Starr the tapes that launched the investigation, violated the state's wiretapping laws when she taped phone calls.

The main action of the day, however, was in Trustee Room 4 at the E. Barrett Prettyman Courthouse on Constitution Avenue, a spare chamber where for the last six months 23 grand jurors have heard from dozens of White House aides, Secret Service officers and others about the young woman they finally met.

With an hour-long lunch and a few other breaks, Ms. Lewinsky spent from 9:30 A.M. to 4:45 P.M. answering questions from three deputies for Mr. Starr.

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Denying It, Rwanda Shells Congo

By Karl Vick
Washington Post Service

CYANGUGU, Rwanda — Congo, just a few steps away across a rickety wooden bridge, continues to insist that the Rwandan Army is involved in the military rebellion threatening the rule of President Laurent Kabila. Rwanda's government continues to insist that it is not.

Those denials were lost in the roar of the cannon firing into Congolese territory from the grounds of the Mururo Secondary School here on Monday. The artillery, manned by Rwandan Army regulars, was plainly visible to Cyangugu residents walking home from work while a battle between loyalist troops and mutineers for the Congolese city of Bukavu raged barely a kilometer away.

The next morning, people here watched as Rwandan soldiers clambered up the bank on the Congolese side of Lake Kivu, which tapers to a stream here at its southern end. Others reported seeing Rwandan troops filing across the wooden bridge that links this scenic little town with the much larger Bukavu.

The fighting, which subsided at the end of the week except for an occasional gunshot, has kept residents of Bukavu indoors, according to aid workers with contacts on the Congo side. The Cyangugu side has remained relatively unaffected.

One resident said that the outbreak appeared to solve the mystery of a Rwandan Army camp that sprang up suddenly outside town. Residents of the village of Cymbongo were told that more than 50 soldiers were joining their community because of local activity by "infiltrators." The term refers to extremist Rwandan Hutu, such as those who killed more than 500,000 Rwandans, mostly members of the Tutsi minority, in 1994. The extremists have been waging a campaign of terror in parts of Rwanda, using bases in the country and in Congo.

But villagers had not seen any infiltrators in months. The soldiers "camped there for a week," said the Cyangugu resident, "but they couldn't convince people there were infiltrators. Then on Sunday, when this all started, they all disappeared."

Rwandan officials cling to their denials despite the skepticism born of 1996, when they issued the same denials about involvement in the same neighboring country, only to acknowledge months later that their army had, in fact, fought in the civil war that made Mr. Kabila ruler of Congo.

On Thursday afternoon, the local Rwandan commander gestured toward the hillside looming just 50 meters away and proclaimed cheerfully that he had no knowledge of events beyond it. "That is Congo!" cried Colonel Alex Ibambasi.

Told of the scene, local aid workers wondered aloud where the colonel had been all day Wednesday, when no one could find him in Cyangugu.

The border remained closed Thursday, although only on the Congo side, where a soldier with a rifle turned back all who approached.

Foreign aid workers have asked to leave Bukavu and Belgian Embassy officials were waiting at the border checkpoint to spirit away Belgian nationals. But not until late Thursday were the first foreigners permitted to depart.

ATTACKS: Bombs Smash U.S. Embassies in Kenya and Tanzania

Continued from Page 1

Egypt's largest militant organization, the Islamic Group, joined with Osama bin Laden, the exiled Saudi billionaire who is regarded as one of the world's leading financiers of terrorism, in announcing this year that they had formed a coalition prepared to carry out attacks against American targets.

The warnings were not followed by any attacks, but they were taken seriously enough to cause most U.S. embassies in the region to take additional precautions against such an attack.

In February and again in June, the diplomats said, several of those embassies also issued public warnings advising American citizens to be alert.

The warnings were delivered by Mr. bin Laden, who was sent into exile by Saudi Arabia in 1994 and is believed to live in Afghanistan.

The explosion in Nairobi at 10:35 A.M. (3:35 A.M. EDT) toppled the four-story Ufundi Cooperative House toward the embassy, which was badly damaged.

The U.S. Air Force has ordered that a transport plane carrying medical aid and a small security detail leave Ramstein Air Base in Germany for Nairobi.

In Dar es Salaam, the car bomb went off in the U.S. Embassy parking lot. The State Department said the blasts occurred within five minutes of each other in the capitals, 725 kilometers (450 miles) apart. It said no Americans appeared to be among the dead in Dar es Salaam.

Secretary of State Madeleine Albright interrupted a private visit to Italy to fly back to Washington.

President Daniel arap Moi of Kenya issued a statement condemning the attack and said the authorities would do anything possible "to bring the perpetrators of the heinous crime to book."

The UN secretary-general, Kofi Annan, on a visit to Portugal, said he had been shocked by the incidents "because it is the kind of terrorist attack that you do not normally see in that part of the world."

Mr. Annan, from Ghana, added that it represented a "really very worrying situation." (AP, NYT, Reuters, AFP)



A Marine biding onlookers at bay Friday at the Dar es Salaam embassy.

Deadliest Blast Directed at U.S. Since Beirut '83

Agence France-Press

WASHINGTON — The explosions on Friday adjacent to the United States embassies in Kenya and Tanzania were the deadliest anti-U.S. attacks abroad since October 1983, when a suicide driver in a truck bomb crashed into a U.S. Marine barracks in Beirut, killing a total of 241.

On June 16, 1996, in Saudi Arabia, a truck filled with explosives that was parked alongside a Saudi military base at Al Khobar exploded, near a housing complex.

The blast killed 19 Americans and wounded a total of 386.

On April 18, 1983, a bombing by Islamic Jihad destroyed part of the U.S. Embassy in Beirut, killing 63 people, 17 of them Americans, and wounding an additional 100.

On Sept. 20, 1984, in Ankara, north of Beirut, a car bomb tore open an annex to the U.S. Embassy, killing 24 and injuring 96 people, including the American and British ambassadors.

On Nov. 13, 1995, in Saudi Arabia, a car bomb went off in Riyadh in front of the Saudi National Guard, where U.S. advisers worked.

Five Americans and two Indians were killed and more than 60 people were injured by the explosion.



A wounded victim of the bombing at the U.S. Embassy in Nairobi being helped out of the building Friday.

After Blast, Glass Rains From Sky

By Matthew Bigg
Reuters

NAIROBI — First a loud explosion and then a thick plume of smoke rose hundreds of feet into the air. After a moment of silence, glass and masonry rained down from the sky.

This was the scene in Nairobi on Friday as a huge car bomb aimed at the United States Embassy ripped through the morning rush hour.

Two buildings caught the full force of the blast: the U.S. Embassy and, behind it, the Ufundi House, which contained a secretarial college and offices.

Ufundi House collapsed, floor by floor, crushing its occupants. The embassy's reinforced, five-story structure survived but its rear rooms were reduced to a series of blackened shells.

Minutes later, office workers, cut by glass, were streaming away from the center of the blast and a trail of blood led back to the U.S. Embassy in central Nairobi.

Kenya is a people who have become accustomed to street riots and violent crime.

Politics and civil disturbance go hand in hand, but the shock on the faces of office workers staggering away from the blast indicated violence of a different order.

Six buses, gulfed by the blast, had ground to a halt on Haile Selassie Avenue. The driver of one had been thrown, dead, halfway through his shattered windshield.

At the rear of the U.S. Embassy, rescue workers started to stack the re-

mains of about 15 people who had caught the full force of the explosion.

One charred and blackened body looked more like bits of logs removed from a fire than a middle-aged woman.

Some lacked faces, or limbs, or clothes. Others seemed to have swollen beyond their usual proportion.

The bodies were laid on scraps of sheeting and then stacked haphazardly onto the backs of pickup trucks and taken away.

"I have seen eight dead white people being pulled out of the U.S. Embassy," said Amir Hassam, a rescue worker with the Aga Khan Social

Welfare Board, who said he arrived on the scene almost immediately. He said he saw 25 bodies removed from Ufundi House.

Eda Rubia, a management consultant, was walking near the embassy when the blast occurred.

"I heard a loud bang, then the whole place was shaking and within a split second glass was falling on my head," Mr. Rubia said.

Simon Tafel, a messenger, said: "It was strange. A big bang and then I was lying on the floor. All around me were people, bleeding."

The rescue effort began within minutes. As U.S. Embassy personnel

pulled out casualties and tried to compile a list of their missing, hundreds of volunteers swarmed over Ufundi House.

Mounted police, riot police, firemen in heat-protective silver suits, helicopters, ambulances, the Red Cross, the Kenya Wildlife Service, aid agencies and private businessmen — and above all passersby — threw themselves into the effort.

And, at least in the early hours, there was a survivor for every corpse pulled from the rubble.

A U.S. Marine carried the body of an African employee, blood pouring from her, out of the embassy basement.

Minutes later a cheer went up as an African man was pulled from a hole in the fourth floor of Ufundi House.

He was strapped to a stretcher and maneuvered down two long ladders to a waiting ambulance and still had the strength to raise his head and shout.

"God is great! God is great!" he yelled, his arms held out in a gesture of victory after having been trapped for more than three hours.

But the early successes of the rescue effort could not dispel the grim fact that no survivors were being pulled from the lower floors of Ufundi House.

Blood, glass, masonry and clothes were scattered over a wide area by the blast.

And amid the rubble outside the embassy were distinctly American symbols of the disaster — the corner of a five-dollar bill and a page from a magazine.

It was an article in Time magazine about how to save lives.

TERROR: Bombing of Embassies an Act of War, Experts Judge

Continued from Page 1

said, the operations would have had to have been extremely well planned and coordinated, with a network of safe houses and rear bases.

The scale and sophistication of the attacks, experts said, indicated that they were carried out by an extremist organization with an international reach and access to substantial logistics support and resources.

In Los Angeles, the Muslim Public Affairs Council warned against any speculation that Arabs were responsible for the explosions.

After the bombing of a federal building in Oklahoma City in 1995, news reports speculated that the attack was carried out by Middle Eastern terrorists until two Americans were arrested.

There is a strong Islamic influence along the East African coast as a result of trade ties that go back more than 1,000

years. Arabs settled on the coast by the eighth century and established several autonomous city states, including Mombasa. They were heavily involved in the slave trade.

Only this week, Egypt's banned Jihad group said it would retaliate against what it said was U.S. involvement in the re-

These are very pro-American countries, so it seems that they were used as convenient sites.

removal of Muslims from Albania to Egypt. A few weeks ago a Saudi dissident living in Afghanistan, Osama bin Laden, told ABC News that Americans would be the target of guerrilla attacks.

Following the bombing in 1986 of a night club in Germany frequented by

U.S. servicemen, the United States bombed Libya that year without seeking UN approval.

But the bombing of the embassies could lead to more serious consequences, experts said, as an attack on a diplomatic mission counts under international law as an attack on the nation itself.

The United States immediately sent a security team to the region, including FBI explosives experts, who will be seeking incriminating evidence. President Bill Clinton said that Washington would use every means at its disposal to bring the terrorists to justice.

Unless the experts find clues that irrefutably point to a particular group or state sponsor, the process could be long.

More than two years after a bomb ripped through a barracks in Saudi Arabia, killing 19 U.S. soldiers, the United States has not been able to charge anyone.

Gay Games Give Sports New Meaning

Amsterdam Event Downplays Competition in Favor of Good Vibes

By Charles Trueheart
Washington Post Service

AMSTERDAM — It may not matter who won or lost the women's softball competition between the Elbo Room Tomboys and the Hackney Handbags; what counts is how they played the game, and simply that they played at all. The same would be true of the big German guys in iridescent tutus hammering at each other on the badminton court.

Here at the fifth quadrennial Gay Games, competition is a vexing topic, in bad taste to bring up.

Anyone, straight or gay, may enter and play. Among the 15,000 competitors this year are superb athletes just under the horizon of world competition, dancing or swimming or pumping iron or running right alongside spirited duffers and other ordinary mortals. What counts are personal bests, friendship and a good time.

More than 230 teams are competing in, or just playing, volleyball. The Gay Games' most popular sport by far. Soccer, track and field, figure skating and bodybuilding are also big. There are 29 events in all, including billiards, sport climbing, table tennis, karate and bridge, plus demonstration sports such as aerobics and fencing.

But the Gay Games — they would be called the Gay Olympics if the International Olympic Committee had not deployed lawyers — have always been more than just a gay athletic competition.

It is an occasion — a gathering of the like-minded, name-tagged like conventioners and traveling in a nurturing

bubble. And this year the games are in a city with a reputation for being one of the most open-minded in the world, one with at least the gloss of hedonism.

"It's very heaven," exclaimed Tom DeVries, here from Tucson, Arizona, and quoting a fragment of poetic sentiment. "All these beautiful ladies and gentlemen in their different bodies doing their things. We haven't talked about anyone dying for, what — 48 hours?"

Miles, his friend, said, "We've been doing some living, all right."

The weeklong 1998 Gay Games, which close Saturday, were kicked off with parades and "drag races" in which the tough and the fit were also the tacky and the outrageous.

"No, I'm not competing," said a hurly New Yorker, groaning at the aches and pains he suffered from strutting in the opening parade. "Five hours in high heels is enough participation for me."

The subculture favorite Diva International appeared, and the Weather Girls belted out "It's Raining Men" before crowds that were, in fact, significantly more male than female.

Amsterdam is as free and easy as cities come, but a Gay Games visitor's advisory warned that everything had its limits: "There are places where you can be nude, but the city center isn't one of them."

The Dutch daily De Volkskrant marveled that "men and women, women and women have been spotted kissing before, but never on such a large scale."

While the dedicated sweated it out in gymnasiums and racetracks and hip-

podromes and bowling lanes — to paltry audiences beyond those waiting to play — tens of thousands of others drawn to Amsterdam by the festivities sampled Gay Games-oriented art exhibits, poetry readings, musical performances and panel discussions.

The venerable Rijksmuseum was holding an exhibition on "Olympian Gods" while European photographers displayed their work in a gallery show called "Lesbian Connections."

Harvey Fierstein and the Rocky Horror Show performed, as did Mima Hartong, a young Dutch-American comedian, who riffed on sports not yet on the official Gay Games program — "lesbian sports like rebounding, breaking up and group dating, and gay sports like traveling and eating out."

Every night gays and lesbians from different parts of the world flocked to storytelling hours to relate their coming-out experiences. Peggy Shaw was here to perform "You're Just Like My Father," advertised as "a solo autobiographical piece about growing up butch and working class in '50s North America."

Open-air concerts drew crowds, including young families, and nightly parties (men-only, women-only, mixed and otherwise) spilled into streets, reportedly raging into the night in central Amsterdam's gay neighborhoods.

Ian, searching for sports, said, "I can't even find the events, they're so far away." He didn't seem to mind. "We're just hanging and doing the tourist thing," he said. "Some parties; my boyfriend's into the leather scene. We're from Calgary. It's not like this."

Continued from Page 1

er workers who feared they, too, would be fired as part of China's economic reform program.

Standing outside the company offices, Zhang Qingchuan, a 64-year-old retired machine worker, said he had invested \$7,300 with Xinguda after a lifetime of "belt-tightening."

"We put all our money in their company," Mr. Zhang said. "Then the money was gone."

Another protester who suffered serious losses said she was not afraid of being detained for demonstrating.

"At least in prison I'd have food to eat," she said.

On Tuesday, word leaked from company employees who had also invested their savings in Xinguda that several key company officials had absconded with massive amounts of cash.

A company official said Xinguda is tied to the government because it paid salaries to two employees who are also members of the People's Armed Police.

He said a Mercedes-Benz at the disposal of the company had a People's Armed Police license plate.

President Jiang Zemin recently ordered China's military and its police to cut their ties with their vast financial empires, which include everything from discos to refrigerator makers.

Police have taken loss reports from hundreds of the Xinguda investors and are searching for the suspects. An official from China's Securities Regula-

ory Commission said it had launched an investigation.

Lax government oversight, government corruption, and a weak legal system that lets company managers avoid their fiduciary responsibilities have made it dangerous to invest in China's markets.

"There are lots of cases of insider trading and market manipulation," said Frederick Hu, an analyst at Goldman,

Sachs & Co. in Hong Kong. "Futures are speculative. It's not where widows put their life savings for safety."

A 47-year-old factory worker said she had informed more than 100 colleagues, unemployed workers, and retirees that there was an opportunity to make big profits at Xinguda. In total, they invested \$365,000. If the government doesn't fix this, "then I become the swindler," she said.

UN Says Iraq 'Contravenes' Pact

Reuters

UNITED NATIONS, New York — The United Nations so far regards Iraq as only having "contravened" an accord signed in February, a senior Security Council source said Friday.

Iraq was warned of the "severest consequences" this year in the event of any violation of the agreement it concluded with the UN secretary-general, Kofi Annan. But it had so far only "contravened" the pact because its announcement Wednesday that it was suspending cooperation with UN weapons inspectors had not so far led to any concrete action by Baghdad, the source said.

Iraq said it would no longer cooperate with the UN Special Commission in charge of scrapping its weapons of mass destruction until the commission was "reformed" and moved from New York to Geneva or

Vienna, to reduce alleged U.S. influence.

UN arms monitors went to work as usual Friday for the second straight day since the Iraqi announcement.

Baghdad maintained that Washington is responsible for artificially prolonging the disarmament process so that sanctions imposed on Iraq since its 1990 invasion of Kuwait remain in force indefinitely.

A statement that the Security Council issued Thursday, branding Iraq's noncooperation announcement "totally unacceptable," also urged Baghdad "not to implement its decision."

It said the announcement "contravenes the relevant Security Council resolutions and the memorandum of understanding signed in February by the secretary-general and the deputy prime minister of Iraq."

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330,000 Are Forced to Flee Floods

"The worst moment of the year's flood control efforts is probably coming," the official newspaper China Daily quoted unidentified Yangtze River officials as saying.



Residents of Jiujiang fleeing the southeastern city with their belongings Friday after a Yangtze dike collapsed.

By Cindy Shiner
Washington Post Service

There is mounting evidence that the military's conduct "has been unacceptable, and Wiranto clearly has to stem that tide," a Western diplomat said.

Two other senior officers are being questioned.

By Michael Richardson
International Herald Tribune

Barely a day earlier, Indonesia's president, B.J Habibie, had evoked a similar image of a tiny, predominantly non-Muslim country (Singapore's population is only three mil-

"We are now facing the most serious economic challenge since our independence" in 1965, Singapore's minister of state for manpower, Othman Haron Ensoffe, said Friday. "There is a strong likelihood that we will go into a recession next year."

Yet, for the first time, Singapore's relations with both Indonesia and Malaysia are tense as the economic

Mr. Lee said in February, the month before Mr. Habibie, then research and technology minister, was made vice president, that financial

is aloof will be laid to rest," Ms. Dewi said. "We hope bilateral relations will continue to be as warm as they have always been."

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EDITORIALS/OPINION

Herald Tribune

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Saddam Miscalculates

Saddam Hussein has consistently misjudged America's willingness to defend its interests in the Gulf region, beginning with his 1990 invasion of Kuwait. He now does so again in breaking off Iraqi cooperation with UN weapons inspections, perhaps believing mistakenly that Washington is too distracted by the Monica Lewinsky case to answer his challenge.

The inspection system, imposed on Iraq after its defeat in the Gulf War, is the world's first line of defense against Baghdad's efforts to produce biological, chemical and nuclear weapons and the missiles to deliver them. Over the past seven years, investigators have uncovered evidence of these prohibited weapons despite Iraqi efforts to keep them secret. Prematurely ending the inspections would make it easier for Saddam to rebuild an arsenal of mass destruction weapons, a prospect too dangerous to his neighbors and U.S. interests to permit.

There is a tiresome familiarity in Iraq's periodic repudiation of its international obligations. But the timing of its latest challenge was unexpected. Richard Butler, the chief UN inspector, had just arrived in Baghdad to register some progress toward resolving missile and chemical weapons issues. By abruptly ending its cooperation, Iraq

undermines the case for an early easing of sanctions. Russia, a longtime friend of Iraq's, and France, eager in pursuit of commercial opportunities with Baghdad, have favored faster movement toward that end.

Though Bill Clinton is preparing for his grand jury testimony later this month, he remains fully able to deliver a forceful response to Saddam on a matter where there is already strong bipartisan agreement. Mr. Clinton would not doubt relish the chance to change the subject of national attention.

He has already declared that Iraq's actions are unacceptable. The Security Council did the same Thursday, despite differences among its members over Iraq. A special responsibility falls on the UN secretary-general, Kofi Annan, whose agreement with Saddam during the last inspection crisis in February averted U.S. military action.

Iraq's move this past week clearly violates that agreement. Mr. Annan must make clear that he will accept nothing less than full compliance.

If Iraq does not reverse course, Mr. Clinton will have to begin a new buildup of U.S. forces in the Gulf region. History has taught that Saddam responds only to the threat or use of force. He is once again inviting use of those options.

—THE NEW YORK TIMES

Changing Azerbaijan

Much turns on coming elections in Azerbaijan, one of 15 nations to emerge from the collapse of the Soviet Union and one still struggling to find its way. Small but rich in oil, Azerbaijan matters to the United States for more than its energy resources. Fought over by Persia and Russia and more distant empires, it remains the object of competition among surrounding powers. More important, it occupies the middle ground of ideological battles of the day: Muslim but not fundamentalist, autocratic but more open than the Central Asian dictatorships taking shape across the Caspian Sea.

In the first part of this decade, Azerbaijan knew coups and war with neighboring Armenia. It is now ruled by its ex-KGB boss, Heydar Aliyev. Mr. Aliyev, 75, has kept a tight rein on politics and media, tolerating only limited dissent, and he is running for re-election in October. When he visited Washington last summer, he committed himself to "political pluralism" and "free and fair elections."

His government has gone far to meet that pledge. An imperfect election law

has been improved, after he welcomed advice and cooperation from the U.S. National Democratic Institute and similar democracy-building organizations based in Europe.

But serious concerns remain about the fair implementation of the law. The central election commission and its local offshoots are too firmly in the grasp of Mr. Aliyev's machine. Two leading would-be opposition candidates remain under criminal indictment. Government censors still meddle in newspapers' coverage of politics. As a result, the five leading opposition parties so far insist they will boycott the election.

Having come this far, it would be a shame, for Azerbaijan's reputation and for its long-term prospects for stability, if Mr. Aliyev balked at the last few steps needed to ensure a fair election. His emissaries say he is prepared to end all censorship, that would be welcome. He also should find a formula to make all sides feel confident in the commissions that will oversee the election. Then the burden would fall on the opposition to take its chances with the voters.

—THE WASHINGTON POST

Dangerous Interference

The House Government Reform and Oversight Committee's vote Thursday to cite the attorney general for contempt of Congress is a dangerous political interference in a law enforcement decision that threatens to undermine the Justice Department's campaign finance investigation — an interference, ironically, by the same people who purport to want a vigorous investigation.

The citation resulted from the starting contest between the committee chairman, Dan Burton, and Janet Reno over a subpoena he issued to her for confidential memoranda written by FBI Director Louis Freeh and the former chief of the department's task force, Charles LaBella. Both had advised Ms. Reno to appoint an independent counsel — advice she has so far rejected. Ms. Reno has, furthermore, not said enough in explanation of her position on the independent counsel question, so a certain frustration with her reticence is appropriate.

But her refusal to turn over the memoranda is nonetheless correct, and Mr. Burton's approach to the matter has been nothing less than turgid. The memos are quite detailed and would offer possible targets of the department's probe an in-depth look at the Justice Department's prosecutorial strategy and theories. The LaBella memorandum is also the subject of Ms. Reno's current review. She has offered to brief Mr. Burton on its contents but has asked for three weeks to finish considering its recommendations.

This reasonable accommodation was not good enough for Mr. Burton when Ms. Reno explained her position to him at a meeting last week. According to a letter by Representative Henry Waxman, Democrat of California, who was present along with Mr. Freeh, Mr. Burton told her he would

begin the process of seeking a contempt citation for her failure to produce the memoranda. But, he added, the matter would not come up on the House floor until Congress reconvenes in September, and he would drop the matter if she sought an independent counsel before then. Mr. Waxman's letter accused Mr. Burton of "intimidation" and of seeking "to coerce an executive branch official to reach a predetermined conclusion on a discretionary matter."

Mr. Burton has denied this, but his own statement of his position is hardly reassuring. "I would certainly prefer to have the documents to review, rather than hold the attorney general in contempt for refusing Congress's legitimate oversight in these matters," he wrote Mr. Waxman. "Obviously, a decision to appoint an independent counsel might make the oversight of the Justice Department's investigation moot."

The line separating a simple statement of fact from a threat can be a thin one. Mr. Burton should not be flirting with it, and Ms. Reno — right or wrong on the independent counsel question — is right in her refusal to be bullied.

—THE WASHINGTON POST

Other Comment

Good News in Mexico

The results of Sunday's elections in three states of Mexico were uncertain before the actual voting, and that's good news for the growth of Mexican democracy. The winners in Veracruz, Oaxaca and Aguascalientes were not proclaimed until all ballots were counted. Certainly that is not the way the system worked in earlier years.

—Los Angeles Times

The 'Burma Problem': Too Dangerous to Ignore

By Shridath Ramphal

LONDON — George Orwell predicted that of all the countries of the British Empire, none was more likely to prosper on achieving independence than Burma. Here was a country rich in human and natural resources whose future seemed assured.

Fifty years later, the reality is the opposite. Burma is near the bottom of the international league by most measures. Only in one, human rights abuses, is it near the top. It is ruled by a military dictatorship that has been in power in various guises since 1962.

It is the source of interethnic conflict, refugees and internal displacements, severe human rights abuses, narcotics production and trafficking and extensive environmental degradation.

Universities and colleges are repeatedly closed for prolonged periods for fear of political unrest, blighting a whole generation of students. Decades of self-imposed isolation and declining income levels have taken a heavy toll. The harshness of the regime contrasts unhappily with the gentleness of the people and their Buddhist ethic of nonviolence.

George Orwell, who served in Burma as a policeman before he became famous as a writer, would be horrified.

Ten years ago, long-suffering patience gave way to open protest.

Tens of thousands of ordinary people took to the streets of Rangoon and other towns in demand the restoration of democratic government. On Aug. 8, 1988, the Burmese Army brutally crushed the protests. The scale of the killings — more than 1,000 were slain in the following weeks — shocked the world.

To stem the tide of revolt, the army promised national elections, confident of contriving an outcome favorable to itself. These were held in May 1990. To the army's surprise the main opposition party, the National League for Democracy, led by Daw Aung San Suu Kyi, won a decisive victory, gaining 392 of the 485 seats contested. The army ig-

noored the result, embarking instead on a policy of sustained repression and contrived constitution-making that continues to this day.

Daw Aung San Suu Kyi, who was awarded the Nobel Peace Prize in 1991, had been placed under house arrest nine months before the elections.

Formally released in July 1995, her activities and movements remain severely restricted. Her attempts to defy these restrictions have led to constant problems with the junta.

The most recent was her attempt to travel outside Rangoon to meet supporters, who, together with other democracy activists, are unable to engage in normal political activity. Blocked by soldiers, she spent six days, trapped but defiant, in her car on a bridge, providing the world with an Orwellian spectacle. Her subsequent forcible return home gave an insight into the ways of a military junta bent on perpetuating its own power.

Burma is the only country in the world where armed fighting has continued without pause since World War II. In the hills of the north and east, various ethnic groups have fought the Burmese Army and each other for more than 50 years. Thousands of villages and millions of people have known little other than armed conflict and its consequences. The army's policy of forcible clearance, migration and resettlement has displaced more than a million people, creating at least 400,000 refugees in Thailand and Bangladesh alone.

Opium is the only crop the displaced can grow and reasonably expect to sell.

It is a measure of their plight that Burma today supplies nearly half the world's heroin. The militia of the former Burma Communist Party, now in tacit alliance with the regime in return for local autonomy, is reported to be heavily involved in drug trafficking, which may have become

the country's chief revenue earner.

The army boasts that it has pacified the country and that most of Burma's insurgencies have given way to cease-fires. Welcome though they are, they hardly afford a lasting basis for peace, let alone a sense of security to Burma's many minority peoples.

Only democracy can provide that assurance. The promise of the 1990 elections in Burma was the coalition that it forged, under the banner of the National League for Democracy and Daw Aung San Suu Kyi, among Burma's many ethnic communities.

For the first time since Burma's independence there was a real prospect

that the democratic process would foster a culture of compromise. A great opportunity was thwarted by military intransigence. Fortunately the coalition still holds, with Daw Aung San Suu Kyi as its acknowledged leader.

The international response has been halfhearted and hesitant. In 1988 many Western governments and multilateral organizations suspended aid. This year the United States banned direct investment. The European Union, however, has paid lip service to the democratic cause but allowed its commercial interests to take precedence.

By joining the legal battle against American sanctions, Europe will only give comfort to the regime in Rangoon. Its democratic protestations will be seen for what they are — mere words.

On the 10th anniversary of the popular uprising in Burma, the time has come to give the "Burma problem" the attention it deserves. The United States, the EU, Japan and the Association of South East Asian Nations must join to try to break Burma's political stalemate.

This is not an ideological imperative but a practical necessity. The world will be a better and safer place when it is a world of functioning democracies. Democracies do not have famines; they tend not to fight each other; the people of democracies are not among the world's refugees. While democracy is not a panacea for all Burma's problems, it alone offers hope for pulling the country back from the abyss and enabling its peoples to live in harmony.

What Burma needs is a more creative and concerted diplomatic strategy that targets the root causes of its problems: war, poverty, ethnic discord and the absence of political freedom. The international community must use aid to foster a process of reform and national reconciliation to end five decades of conflict.

Daw Aung San Suu Kyi has called repeatedly for political dialogue with the army, so far without response. She has now named Aug. 21 as a deadline for reconvening the Parliament elected in 1990. Southeast Asian governments, having admitted Burma as a member of ASEAN in July 1997, have a special responsibility to oust the regime to face reality and change course. A region in financial and economic turmoil can hardly afford another major flash point.

Thousands are still dying needlessly in Burma. Ten years on, the world needs to rethink its response to the Burma problem and stop relegating it to the sidelines.

The writer, formerly secretary-general of the Commonwealth, is now chairman of the board of the International Institute for Democracy and Electoral Assistance, of which Daw Aung San Suu Kyi is a member. He contributed this comment to the Herald Tribune.

In U.S., Schroeder Shows He's Ready for the Big Leagues

By Jim Hoagland

WASHINGTON — Seven weeks before an election that could bring his Social Democrats to power in Germany, Gerhard Schroeder was busy charming his way across Washington the other day in the classic carrom shot of international politics.

The man opinion polls paint as the chancellor-in-waiting was in Washington to be seen by voters in every village and metropolis of Germany. The American capital was backdrop, chosen to allay German fears about Mr. Schroeder's inexperience in foreign affairs. The setting was also intended to combat doubts about the acceptability of the Social Democrats, a party frequently and at times poisonously critical of U.S. policy during the Cold War.

Mr. Schroeder's visit was shrewder, more centered and more important than the average media outing here by a foreign opposition leader. He was specifically visiting Bill Clinton's Washington as well as the American capital. He was looking for a hand up from the founding member of

Baby Boomer Poles International, and he got it.

Mr. Schroeder, 54, is playing the generation card as his ace in the hole as he works to end Helmut Kohl's 16-year conservative reign in Bonn on Sept. 27. He encourages comparisons of his campaign, style and ideas to those of Mr. Clinton and British Prime Minister Tony Blair. When elected, he would be the third leg of the tripod of trans-Atlantic leadership seeking a center-left "third way" of governance. Mr. Schroeder suggested to a university audience here.

Like Mr. Clinton and Mr. Blair, Mr. Schroeder proved better at talking about the third way than at defining it with any precision. That seems to be the point of the third way, an idea that has a great future to be filled in, and always will.

Whatever its impact on American politics, the Monica factor does not seem to be shortening Mr. Clinton's coat-tails in Germany. Mr. Schroeder sought and revealed in a star-struck administration welcome unavailable to most lead-

ers of opposition parties abroad.

His meetings on Wednesday with Mr. Clinton, Al Gore, Madeleine Albright, Alan Greenspan and others provided the German press with image-burnishing items to beam back home. His meeting with Mr. Clinton stretched a few minutes beyond the half-hour considered very generous for a visiting candidate by White House standards.

It went swimmingly, Mr. Schroeder told me afterward at a reception at Georgetown University, one of Mr. Clinton's alma maters.

The president of course said he would be neutral. Mr. Schroeder announced with a smile that suggested he hoped otherwise. That was a dart for Mr. Kohl, who two years ago visited America and openly endorsed Mr. Clinton for re-election. Mr. Clinton was eternally grateful, then.

Mr. Schroeder, the elected chief executive of the state of Lower Saxony, had just captivated his university audience

with a lucid speech predictably promising continued cooperation between Germany and the United States, and a congenial give-and-take question session.

He dismissed one critic who sought to interrupt his speech with a recitation of his views on free trade and oppression by promising he was at the end anyway. "Only three more pages," he said, "in English, holding them up." "It's so painful that you can't wait!"

A questioner alertly nailed Mr. Schroeder for ignoring France and having nothing to say about working with the Socialist prime minister, Lionel Jospin, who does not overlay his pragmatic moves away from leftist orthodoxy with a third-way label.

Mr. Schroeder disputed the questioner's premise, stressing his commitment to the French-German relationship. But his answer did little to dispel his suggestion that France, and Europe, do not loom large in his political vision.

Another critic echoed Mr. Kohl's charge that Mr. Schroeder is merely a crowd-pleasing froot put forward by

the German left's old guard.

Since he opposed deployment of NATO missiles in the Cold War and the euro single currency, why should voters trust his judgment, or turn over to him management of policies he once opposed and now accepts without great enthusiasm?

You could have reproached me for things I did in college or the playground as a kid, too. Mr. Schroeder shot back. "Learning is part of political development. When reality collides with your political program, you have to consider that your political program could be wrong." And then, seeming to draw a bead on Mr. Kohl, Mr. Schroeder effortlessly tossed this zinger:

"Who should distrust politicians who think they have nothing left to learn?"

It was a moment the Comeback Kid would have savored. If Gerhard Schroeder is an opportunist, as opponents on the German left and right charge, his Washington visit proved that he is a skilled one, ready to play in the big leagues of international politics.

—The Washington Post

Poland Still Has a Way to Go in Ending Anti-Semitism

By Abraham Brumberg

WARSAW — Poland, once called an anti-Semitic country without Jews, no longer deserves that epithet.

For one thing, as is becoming increasingly evident, Jews still live in Poland. Not many, of course. The prewar community of three and a half million Jews, with its rich and variegated culture, is gone forever. Still, estimates of Poland's Jewish population range from 15,000 to 20,000 — and even some optimists will tell you, as high as 30,000.

The last is a suspect figure, as it includes those who have recently discovered that their parents or grandparents were Jewish and who are still trying to sort out their identities.

Jonah Bookstein, the director of the Landor Foundation, which underwrites early life new Jewish activities in Poland, told me of a young man who had recently discovered that he was Jewish.

He learned Hebrew, became a practicing Jew and is now marrying a Jewish girl.

"And as you know," said Mr. Bookstein excitedly, "this is really the acid test!"

Perhaps, but this is a slender reed on which to rest big expectations. There is not much chance, in a country where Jewish past was so thoroughly decimated, that the Jewish population of Poland will increase.

The demise of communism saw a revival of interest in Jewish matters among both Jews and non-Jews.

Upon closer scrutiny, however, a less reassuring reality emerges. Side by side with the Jewish revival, and side by side with a greater honesty in the Polish press and among officials about Polish-Jewish rela-

tions, anti-Semitism in Poland remains widespread and tenacious.

Physical attacks and taunting of Jewish children in schools are generally a thing of the past. But right-wing publications carrying thinly disguised anti-Semitic articles proliferate. Jewish cemeteries are desecrated.

At the insistence of anti-Semitic groups, crosses have been put up near Auschwitz, 90 percent of whose victims were Jews — this despite an explicit promise by the Polish government and church authorities that crosses would not be erected. The Holocaust memorial museum in Jerusalem, Yad Vashem, has issued a formal protest.

The independent Catholic radio station, Radio Maryja, offers its millions of listeners an anti-secular and often explicitly anti-Semitic diet.

The Catholic Church has found the courage to condemn its past role in sowing poisonous hatred toward the Jews. But when Father Henryk Jankowski, Lech Walesa's confessor, declared that Poland "must not tolerate the presence of the Jewish minority in the country's government" — an allusion to the appointment of Bronislaw Geremek, a Jew, as foreign minister two years ago — one distinguished Jesuit scholar, Stanislaw Musial, protested vehemently. Neither the church as a whole nor any group of Catholic intellectuals followed suit.

At the office of the Jewish Historical Institute I picked up the latest issue of its quarterly journal, Bulletin. It is devoted to a detailed analysis, by both

Jewish and non-Jewish historians, of how to this day the history of Polish Jews is ignored, falsified and distorted in the country's elementary and high school textbooks.

How, one wonders, are Polish children supposed to learn anything about a people that at one time made up more than 10 percent of the country's population when their textbooks virtually disregard the history of Poland's Jews?

According to some textbooks, the Nazi persecution of Jews, if mentioned at all, was secondary to the goal of "physically annihilating all Poles."

The textbooks, which are approved and distributed by the Ministry of Education, contain such malignant anti-Semitic stereotypes as the "passivity" of Polish Jews vis-à-vis the Germans (they "allowed themselves to be herded into ghettos") and the charges that most Jews before the war were "pro-Communist," engaged in "usury" and conspired to "destroy Poland."

Yet Jewish friends merely shrugged when I commented that similar distortions of African-American history in U.S. textbooks would elicit a storm of protest.

Some time before I arrived in Poland, the Polish prime minister, Jerzy Buzek, delivered a speech in which he condemned the "disease of anti-Semitism." He spoke harshly of the indifference displayed by so many Poles in the face of Nazi bestiality.

At the same time, Mr. Buzek stood history on its head. The prewar Polish government, he asserted, "did not allow anti-Semitism to become a part of

state policy" — a curious asser-

tion, since by 1938 the ruling party had not only approved the segregation of Jewish students in universities, the organized boycott of Jewish stores and the expulsion of Jews from professional organizations but had passed a resolution laying the groundwork for full-scale Nuremberg-type legislation.

Mr. Buzek is not an anti-Semite. But he has evidently absorbed formulas that are offensive as well as inaccurate. His children and grandchildren will not be able to recognize and spurn such stereotypes if the textbooks used in Polish schools continue to promulgate them.

Nor will his and future generations be able to shed their prejudices if these are swept under the rug by young Polish Jews eager to proceed with their own agenda.

It is true that Poland is no longer the classic example of an anti-Semitic country without Jews. But it still has a way to go before it becomes a country with a few Jews, and little — or no — anti-Semitism.

The author writes frequently on Russian and East European affairs. He contributed this comment to the International Herald Tribune.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1898: English Honor

PARIS — The "Berliner Tageblatt" says: "The shadow of a new war appears, compared with which the Hispano-American war would be a mere incident. England again threatens the Empire of the Tsar. At the expense of England, Russia has been seeking to take a dominating position in China. The moment has now arrived, if we believe the word of an English statesman, when the honor of England will not allow further concessions."

appeared. Students, both in the native and missionary schools, act independently of those who should govern them. Such facts in a country like China, where for many centuries a marvelous aspect of stability has existed, might seem to prestage the total dissolution of society.

1948: Hiroshima Talk

HIROSHIMA — Lieutenant General H. Robertson, the Australian officer who commands the British occupation forces in Japan, told the Japanese holding a peace festival at atom-bombed Hiroshima, "You caused this disaster yourselves." General Robertson said: "He wanted to praise the people for their sentiments for peace but at the same time told them: 'I must remind you that you caused this disaster yourselves.' The destructive ways of war and aggression brought this disaster upon your city."

1923: Morals in China

PARIS — [The Herald says in an Editorial:] There is much discussion of the decadence of morals among the young. In no country has reverence for elders and for a code of conduct been greater than in China. But a radical change has come about. Respect among the young for age is said to have almost dis-

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Mng. Dir. Asia, Terry Danner, 81201, 191 Lane Road, Hong Kong. Tel: 852-2922-1188. Fax: 852-2922-1190
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Pres. U.S., Ann Blankenship, 600 Third Ave., New York, N.Y. 10022. Tel: (212) 725-3890. Fax: (212) 725-3785
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ART

Broken Mirror of a Major Arab Culture

By Souren Melikian
International Herald Tribune

PARIS — There is a moving attraction to great art that survives in bits and pieces. "Les Tresors fatimides du Caire" show at the Institut du Monde Arabe here until Aug. 30 is more like the broken mirror of a major culture than a "treasure" — none remains from the golden age of Islamic Egypt, which started in 973 when the Fatimid ruler of North Africa, al-Mu'izz, entered Cairo and named the newly built city al-Qahira ("Cairo" to the Venetians) al-Mo'izzia.

Even history is fragmentary. The chronicles of 11th- and 12th-century Egypt have vanished. Considerable uncertainty surrounds the emergence of the first leader of the Ismaili Shiite branch of Islam, 'Ubaydullah, some time in the 9th century, in the southwestern Iranian province of Khuzistan. How Ismaili propaganda spread to Eastern Iran and from there to India eludes us. So does the growth of Ismaili communities and the diffusion of their esoteric message in Syria where 'Ubaydullah sought refuge.

It reached North Africa. The Berbers of present-day Algeria responded enthusiastically, conquered the neighboring emirate of Qayrawan (or Kairouan), and in 910, 'Ubaydullah, again forced to move, arrived to be proclaimed Mahdi (Guided by God) and Caliph, in defiance of the Baghdad Caliphate.

What followed was even more astonishing. Eager to wrest wealthy Egypt from the nominal control of Baghdad, the Ismailis were favorably looked upon by the Egyptian establishment, which secretly negotiated with them. They marched eastward and their takeover of Cairo sent tremors rippling through the Middle East.

Fatimid rule, which ended in 1179, laid the foundations of Islamic art and

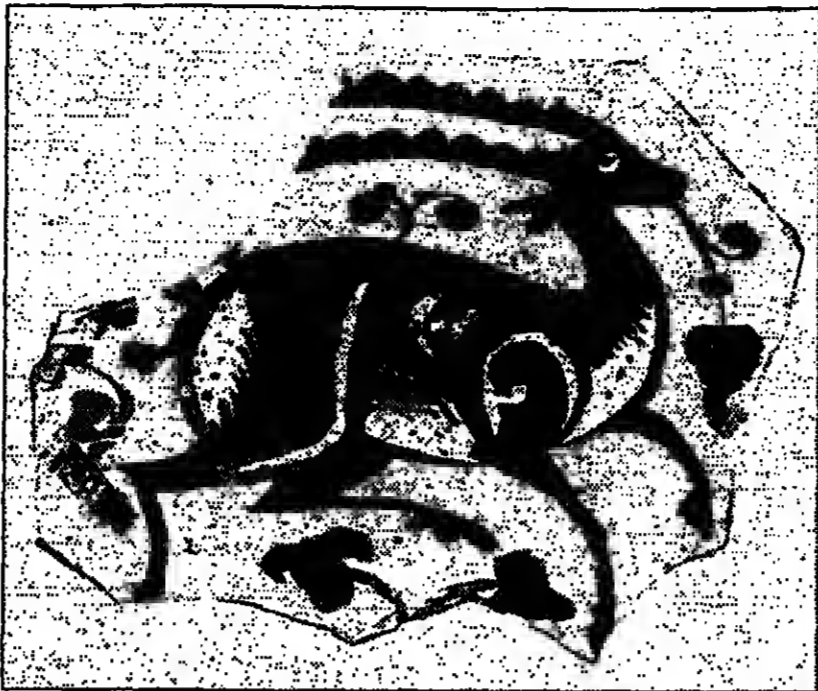
culture in the Egypt we know. Of their monuments, the mosque of the Caliph al-Hakim alone stands more or less in its entirety. Remains of the others, wood revetments particularly, allow glimpses into a moment of classical perfection.

Panel, saved as construction material when Sultan Qala'un built in 1284-1285 an architectural complex where the Fatimid palace once stood, reveal stunning figural carving in low relief. The spring in the movement of two gazelles on either side of a stylized motif and the calligraphic flow of the outline matching that of the abstract pattern are unsurpassed. They betray contacts with the Iranian world, home to Naser-e Khosrow, the Ismaili metaphysician and poet who went to Cairo and described the Fatimid palace.

Court scenes represent the Iranian type of wine banquet. In one, a princely character raises a beaker and clutches a bronze decanter while facing a female companion who raps a tambourine. In another panel, musicians play the other two traditional instruments of the wine banquet, the flute and the guitar.

HUNTING and travel scenes — a camel carrying the tent-like structure in which ladies of the court moved around — are like stills from a film on the Eastern courts 1,000 years ago. The age-old symbol of the hawk pouncing on a bird discreetly points to the royal associations of the panel. The surface toning is lost but, failing that, an ivory-inlaid panel from Edfou with a large hawk clutching a hare gives some idea of lost splendor.

One would like to understand the transition that led to the stage represented by a famous wooden mihrab of the mid-12th century from the mosque of Sayyida Nafisa. A complex geometrical pattern zigzags around the shallow niche with an explosive vigor that con-



trasts with the narrow compact bands of square Kufic calligraphy framing it. The sophistication of this extraordinary school of architectural design implies a long evolutionary process of which nothing more is known.

The art of the object is equally intriguing. The development of a marvelous school of luster pottery has yet to be stalked out. The diversity in design, quality, color (from pale gold to brown) is tremendous. There must have been several workshops, some with close ties to a court atelier of book painting.

The scene of a trainer with his cheetah, or the griffin striding across the surface of another bowl bear witness to its impact. The painter of the griffin must have been a skilled artist — the fine hatching on the chest in short

strokes done with a reed pen are typical of the draftsman's craft. Powerful personalities can be sensed behind the anonymity of many pieces. The artist who painted a musician playing the two-stringed guitar chose to crush the tip of his brush laden with golden color to give him a truculent expression.

Signatures can raise rather than answer questions. One "Muslim" is presumed to be the same man as "Muslim ibn al-Dahhan," so versatile that one wonders whether he did, in the kindness of his heart, append his name to the work of esteemed disciples.

The same artists probably worked in various media. A glass fragment is painted on the underside with a leaping gazelle strikingly reminiscent of a gazelle on one of the bowls signed



A glass fragment decorated with a leaping gazelle painted on the underside, and a bronze statuette of a lion.

Muslim. The tray and the bowl may not have been decorated by the same hand, but they surely came out of the same workshop. The catalogue ignores that point.

Metalwork does not come out very well, in part perhaps because it is not well known. Not as rare as the catalogue suggests, it is widely scattered, often inaccessible and, like pottery or glass, plagued by commercial looting — few pieces ever seem to come out of archaeological excavations. One sensational discovery is the silver casket to the name of the vizier Sadaga ibn Yusuf, in office between 1044 and 1047, which belongs to the San Isidoro Museum in Leon, Spain. That alone would justify seeing the show. Regrettably the highly important silver mirror in the Benaki Museum in Athens is missing. Could this be because the exhibition budget was drastically cut at the 11th hour?

Rock crystal adds some glittering uncertainties to the show. A 10th-century ewer in the Victoria & Albert Museum to the name of the "Imam al-Aziz bi'llah" represents the art in its grandest form but a shallow tray from Venice with a shape and pattern found in Iranian art is not particularly likely to be Egyptian. Nor is a small cylindrical "flask" from the Victoria & Albert, the function of which was not recognized. This is a kohl container

(sormedan in Persian) of a shape frequently seen in bronze and cut glass from Iran.

There are other weaknesses. The cataloguing is sometimes careless. Commenting on the inscription of a funerary wooden tablet from Fostat, the entry notes that "the last two characters are Shiite Imams." And so are the first 10 characters, whose names have not been read. This is a mainstream Shiite invocation to the Twelve Imams. When mentioning "the many texts with a religious Ismaili content," Heinz Halm writes that they "only survived outside Egypt in the Ismaili communities of Syria, Yemen, India and Pakistan." Not quite. There is a large and early body of Ismaili literature from Iran, in Persian and Arabic.

These deficiencies are made up for by great ideas. The presentation of fragmentary Hebrew pages from the Old Synagogue *geniza* (or repository for discarded sacred texts) in Cairo and of a 12th-century Gospel in Coptic, reveals remarkable calligraphy in script other than Arabic, highlighting a fundamental cultural feature cutting across creeds. The display is mostly beautiful in its spartan austerity. No one should miss this show, or a theme cover dealt with before.

The exhibition reopens at the Kunsthistorisches Museum in Vienna on Oct. 19 and runs through Jan. 31.

Grand Central Reborn as a Beaux-Arts Mall

By David W. Dunlap
New York Times Service

NEW YORK — With each passing day, Grand Central Terminal is looking better than it ever has. Meanwhile, it is becoming something it never was.

In the future, New Yorkers may look back at the summer of 1998 as the architectural apogee for the once decrepit landmark.

This pristine moment will not last long, however. GCT Venture, the development team working for the Metropolitan Transportation Authority, is doing more than rehabilitating a great railway station, built in 1913. It is creating a Beaux-Arts vessel for an enormous new commercial enterprise.

Competing for public attention with the bejeweled Sky Ceiling and monumental new east staircase, restaurants will line the balconies of the Main Concourse. Peter Glazier has already opened "Michael Jordan's-The Steakhouse NYC." Cipriani Dolce, run by the Cipriani family, and Metrazur, run by Matthew Kenney, will follow later this year.

Restaurants and food stands will take over what used to be the Suburban Concourse on the lower level. (It is now called the Dining Concourse.) Stores will form an octagonal ring around the old incoming train room, now Biltmore Hall. Food stalls will line a new passageway to Lexington Avenue, called Grand Central Market. And seasonal markets will fill Vanderbilt Hall, where travelers once waited to board the 20th Century Limited.

No longer the "Gateway to a Continent," Grand Central will be more like the Gateway to a Caviarateria — or a hundred other establishments, among them Banana Republic, Citarella, City



Michael Jordan's-The Steakhouse NYC restaurant.

Bakery, Kenneth Cole, the Discovery Channel Store, Junior's, Mike's Takeaway, J. Peterman, Postman Books, Republic, Rite Aid, Starbucks, Two Boots Pizza and Zocalo.

While stores and restaurants have always been part of the terminal, they have never been as many as are being constructed and planned today. Retail space in the terminal is nearly doubling, to 170,000 square feet (almost four acres) from 105,000 square feet, only 75,000 square feet of which was occupied in recent years. Given tenant demand, the developers believe they could have leased 100,000 square feet more.

The commercial expansion and the architectural renovation are intertwined because one is financing the other — not unlike Faneuil Hall in Boston in the 1970s and Union Station in Washington in the 1980s.

"Everybody wanted to save those buildings, but nobody had any money to do it," said Michael Ewing, a retail developer who has worked on all-time projects. His company, William Jackson Ewing, joined with La Salle Partners, a commercial real estate concern, to form GCT Venture.

The more ambitious rebuilding was made possible by the sale of bonds, which are to be repaid from the increased rental revenues.

"Those rents support the bonds which made possible the architectural restoration," said B. Virgil Conway, authority chairman. "With all of the capital needs of the MTA, there would have been eyebrows raised if we had spent \$200 million restoring Grand Central Terminal that could have been spent on buying new cars or laying tracks."

All told, the MTA sold \$84 million in bonds; \$49 million for public improvements, \$35 million for retail-related work. It also used \$109 million of its capital budget and received \$4 million from the federal government.

An additional \$110 million is being spent on a network of passageways known as North End Access, which is to open in January. The Grand Central Market is scheduled to open around the same time, with 24 food vendors on the ground floor and a restaurant above.

The market and the northeast balcony of the Main Concourse are the only significant spaces that are not yet fully leased. Many stores will not be opening until late fall or beyond, after the basic reconstruction of the public areas has

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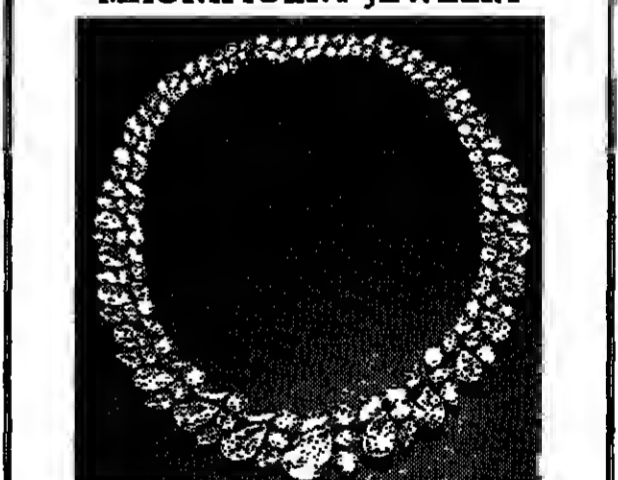
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A CORNER IN THE MARAIS: Memoir of a Paris Neighborhood

By Alex Karmel. 160 pages. \$24.95.

David R. Godine.

Reviewed by Katherine Knorr

THERE are so many books written by Americans who love Paris (and those who hate it as well) that it's difficult for many of them to stand out. But here is a lovely little book, very personal, written with affection and intelligence by an American novelist who, with his French wife, bought a picturesque flat in the Marais quarter and set out to find out who had been there before.

The result is part memoir, part historical essay, starting with the purchase of a fifth-and-sixth-floor-walkup pied-à-terre on the corner of Rue des Rosiers and Rue Vieille-du-Temple, and ending with an excerpt from the French poet Leon-Paul Fargue's marvelous essay about the Marais.

Alex Karmel first came to Paris after his freshman year at Columbia, in June 1949. After spending part of the summer traveling in Switzerland and Italy and on the French Riviera, he came back through Paris on his way home.

"It was then that I discovered for the first time the pleasure of coming back to Paris; back to what had become the place in which I was most happy, despite

all the fascination of Rome and Florence," he writes. "It was then also that I first had the feeling that coming back to Paris was coming home, and that leaving it for what was, after all, my real home, was leaving something of myself as well."

He would come back again, eventually for good. In "A Corner in the Marais," Karmel writes a history of Paris through a narrow lens, and specifically of the Marais in its many permutations, from a fashionable neighborhood of *hotels particuliers* to a poor immigrant Jewish neighborhood, and again into a fashionable shopping area where clothes shops are replacing the Jewish *epiceries*.

He takes us from the earliest times to the first reference he can find at the address that corresponds to his building — in 1393 — to the present day, when he owns his very own piece of Paris.

Karmel's history of Paris is always well-told but this isn't of course a new story. Where he becomes truly interesting is in documenting his admirable research into the history of his building. Here we enter into the realm of what the French call *la petite histoire*, which gives us a sense of all the ghosts that people Paris, and how difficult it is to name them. Along the way Karmel also offers some insight into the destruction and kitsch rebuilding that constantly threatens Paris.

The center of Karmel's tale is the auction of his building and its two neighbors in 1647. He tracks down the relevant documents, gets what is illegible to him translated by an expert and traces as far as he can the names of owners and occupants.

There is Claude Bourgeois the *patricien*, and the grocer Henri Brusle, who bought two of the buildings at the auction, including the one in which he had his shop, "at the Sign of the Caldron." The affair is immensely complicated and draws us into the changes from feudal rent laws to more widespread private property.

There are many pieces missing in the story, of course, and the names so prominent in the complicated auction disappear into Time. Karmel has to make a lot of fairly educated guesses about what was where when, but that's part of the game too.

He finds only a few references to the building in the 18th century, and then the names have changed. In 1787, he quotes from documents: "First house at the corner of Vieille rue du Temple, occupied by an official of the Lottery. Proprietors: Milles. Debray, rue de la Roquette, Faubourg St. Antoine, near the sign of the long bow." Onto all these forgotten lives, Karmel delightfully sheds the pretty and tenuous light of an old lantern.

International Herald Tribune

• **Business Tax Cuts**
• **Shrinks Lawmakers**

Source: *Matt. Associated Press, London*
Int'l Financial Futures Exchange, Int'l
Petroleum Exchange.

Dec 98	14.82	14.72	14.75	+0.05	26.82					
Nov 98	14.75	14.75	14.75	+0.00	26.82					
Oct 98	15.27	15.25	15.34	+0.02	27.09					
Est. notes H.A. There open 25.7574										
There open 26.0172, 26.0172										
NATURAL GAS (MMBtu)										
Aug 98	1.875	1.875	1.822	-0.053	50.47					
Jul 98	1.78	1.78	1.81	+0.03	50.47					
Jun 98	2.210	2.140	2.164	+0.024	50.83					
May 98	2.085	2.085	2.085	+0.000	50.83					
Apr 98	2.600	2.525	2.525	+0.000	51.54					
Mar 98	2.445	2.445	2.444	-0.001	51.54					
Est. notes H.A. There open 2.445										
There open 26.4425, 26.4425										
UNLEADED GASOLINE (MMBtu)										
Aug 98	45.25	45.25	45.41	+0.16	45.1725					
Jul 98	45.25	45.25	45.11	-0.14	45.1725					
Oct 98	45.25	45.25	45.11	-0.14	45.1725					
Nov 98	45.25	45.25	45.11	-0.14	45.1725					
Dec 98	44.45	44.45	44.21	-0.24	45.1725					
Jan 99	45.45	44.95	44.95	-0.50	45.1725					
Feb 99	45.45	44.95	44.95	-0.50	45.1725					
Mar 99	45.45	44.95	44.95	-0.50	45.1725					
Apr 99	45.45	44.95	44.95	-0.50	45.1725					
May 99	45.45	44.95	44.95	-0.50	45.1725					
Jun 99	45.45	44.95	44.95	-0.50	45.1725					
Jul 99	45.45	44.95	44.95	-0.50	45.1725					
Aug 99	45.45	44.95	44.95	-0.50	45.1725					
Est. notes H.A. There open 45.45										
There open 45.45										
GASOLIN (PIPS)										
Aug 98	105.29	107.73	107.73	+0.50	16.715					
Jul 98	105.29	107.73	107.73	+0.50	16.715					
Oct 98	112.75	112.75	112.75	+0.00	20.040					
Nov 98	112.75	112.75	112.75	+0.00	20.040					
Dec 98	112.75	112.75	112.75	+0.00	20.040					
Jan 99	112.75	112.75	112.75	+0.00	20.040					
Feb 99	112.75	112.75	112.75	+0.00	20.040					
Mar 99	112.75	112.75	112.75	+0.00	20.040					
Apr 99	112.75	112.75	112.75	+0.00	20.040					
May 99	112.75	112.75	112.75	+0.00	20.040					
Jun 99	112.75	112.75	112.75	+0.00	20.040					
Jul 99	112.75	112.75	112.75	+0.00	20.040					
Aug 99	112.75	112.75	112.75	+0.00	20.040					
Est. notes H.A. There open 112.75										
There open 112.75										
BRENT OIL (PIPS)										
Aug 98	19.25	19.25	19.25	+0.00	16.715					
Jul 98	19.25	19.25	19.25	+0.00	16.715					
Oct 98	19.25	19.25	19.25	+0.00	16.715					
Nov 98	19.25	19.25	19.25	+0.00	16.715					
Dec 98	19.25	19.25	19.25	+0.00	16.715					
Jan 99	19.25	19.25	19.25	+0.00	16.715					
Feb 99	19.25	19.25	19.25	+0.00	16.715					
Mar 99	19.25	19.25	19.25	+0.00	16.715					
Apr 99	19.25	19.25	19.25	+0.00	16.715					
May 99	19.25	19.25	19.25	+0.00	16.715					
Jun 99	19.25	19.25	19.25	+0.00	16.715					
Jul 99	19.25	19.25	19.25	+0.00	16.715					
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EUROPE

Russia Tax Collector
Rebukes Lawmakers

Fyodorov Says His Efforts Are Stymied

Compiled by Our Staff From Dispatches

MOSCOW — Russia's chief tax collector blamed Parliament on Friday for blocking his efforts to boost collection and help the cash-strapped government raise the funds needed to keep the economy from collapsing.

Boris Fyodorov, appointed head of the Federal Tax Service in May, said that although he had managed to boost tax collection during his two months, the improvement was not good enough.

The tax service raised 12.1 billion

rubles (\$1.93 billion) in July, about 8 percent more than in June. But the government needs twice that amount to function properly, the official stressed.

"For the government to be able to carry out its functions properly, monthly tax receipts to the budget must be doubled," Mr. Fyodorov said. "But how successful we are does not just depend on us."

He said it was "sad" that "a lot of our proposals" had not been taken up by Parliament.

Mr. Fyodorov said that government plans to reduce the tax burden and close loopholes, which have resulted, among other things, in just 25 percent of income tax being collected, had stalled because of opposition in the lower house of Parliament, the Duma.

The Duma, he said, is "helping those who are avoiding taxes, and if this doesn't change it is difficult to pin hopes on the future."

A special Duma session is scheduled for Aug. 19 and 20 to consider tax law revisions.

The tax overhaul forms the crux of the economy crisis package, and is a key condition imposed by the International Monetary Fund for Russia to secure payments in a two-year \$22.6-billion international rescue effort.

Mr. Fyodorov said that his stance had brought results with the natural monopolies such as OAO Gazprom and RAO Unified Energy Systems.

On Thursday, Prime Minister Sergei Kiriyenko visited the headquarters of Gazprom with the clear intention of demonstrating the government's reconciliation with the company after a dispute over tax underpayment.

Gazprom has now paid the state 3.1 billion rubles in taxes after the government ordered the seizure of company assets.

But the government partially shut off the export pipelines of two oil giants on Friday as punishment for non-payment of taxes and said tougher measures were yet to come.

The government said it had cut export rights to AO Sidanko and ONAKO by about a third. The government says the two companies owe it billions of rubles in unpaid taxes.

(AFP, AFP, Bloomberg)

Unilever's Net
Slips as Asia
Casts Shadow

Compiled by Our Staff From Dispatches

ROTTERDAM — Unilever Group said Friday its net profit slipped 1 percent in the second quarter and voiced concern about the impact of the Asian financial crisis on its bottom line.

The consumer products giant earned 1.46 billion guilders (\$730.7 million) in the second quarter, down from 1.48 billion guilders a year ago. Sales rose to 23.57 billion guilders from 23.17 billion guilders.

The results sent Unilever's shares down. In Amsterdam, they closed at 133.60 guilders, down 2.90 guilders from Thursday, and in London they fell 13 pence to 577 pence.

Unilever's chairman, Morris Tabakshat, said business had been affected by a slowdown in Asia, which Unilever felt particularly in Thailand, Indonesia, and he warned that the turmoil would be a factor in the second half of 1998.

"The difficulties in East Asian economies remain a concern in the medium term and we have also seen signs of economic slowdown in a number of countries in other developing and emerging markets," Mr. Tabakshat said.

Unilever's comments echoed a warning last week by rival Procter & Gamble Co. about Asia.

(AFP, AFP, Bloomberg)



JINGLE, JANGLE — Finance Minister Theo Waigel inspecting the first euro coins for Germany, which are to start circulating on Jan. 1, 2002, during his visit Friday to the mint in Munich.

New Models Lift Audi Net Sharply

Compiled by Our Staff From Dispatches

INGOLSTADT, Germany — Audi AG, the luxury car unit of Volkswagen AG, said Friday that its pretax profit climbed 64 percent in the first half of 1998 on strong demand for its A6 and A8 models.

Audi said it earned 804 million Deutsche marks (\$453.7) in the first six months, up from 489 million DM a year earlier. Sales rose to 13.4 billion DM from 10.6 billion DM.

Audi said the results put it on track to post sales of more than 25 billion DM for the full year, after sales of 22.4 billion DM last year.

The sales growth reflects a strengthening economy in Europe and renewed confidence in Audi's cars in the United States. A safety scare, which later proved to be unfounded, caused U.S. sales to plummet in the 1980s. Now Audi is enjoying rising demand for new products like its updated A6, which, together with the A4 and A8 sedans, competes with Mercedes-Benz and BMW models. Audi plans to further

increase output with the introduction of a new sports coupe.

"There's a definite improvement in product mix," said Lothar Lubliner, an analyst at Enskilda Securities in London.

Although deliveries in the first half slipped 0.2 percent in Germany, Audi's biggest market, to 121,638 cars from 121,835, this was more than offset by a 21.4 percent leap in

other West European deliveries, Audi said. Deliveries in Western Europe, excluding Germany, rose to 134,699 cars from 110,982.

Audi's U.S. deliveries advanced 19.9 percent, to 20,410 cars. But the Asian financial crisis hit Audi's deliveries in Japan, where it suffered a 15.9 percent setback, delivering 4,978 cars in the first half of 1998.

(Reuters, Bloomberg)

Strike at Saab Deepens First-Half Loss

Compiled by Our Staff From Dispatches

STOCKHOLM — Saab Automobile AB said Friday that its first-half loss widened as marketing costs rose and a strike in Denmark halted production for nearly a week.

The No. 2 Swedish carmaker, which is jointly owned by Investor AB and General Motors Corp., posted a net loss of 1.01 billion kronor (\$127.2 million), against a 634 million loss in the year-earlier period.

Saab Auto has turned an annual profit only twice since 1990, when GM bought its 50 percent stake. In the six months ended June, the carmaker was forced to halt production for almost a week after an 11-day strike in Denmark stopped delivery of some key parts. Pre-tax loss was 978 million kronor for the first half, compared with a loss of 600 million in the first half of 1997.

Bloomberg News

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WORLD STOCK MARKETS

Friday, Aug. 7

Dollars unless noted

Percentages in brackets

High Low Close Prev.

Amsterdam

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Johannesburg

Composite Index: 424.1

Dollars unless noted

Percentages in brackets

High Low Close Prev.

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London

Composite Index: 5,848.4

Dollars unless noted

Percentages in brackets

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Madrid

Composite Index: 9,248.4

Dollars unless noted

Percentages in brackets

High Low Close Prev.

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Friday's 4 P.M.
The 1,000 most traded National Market securities
in terms of dollar value, updated twice a year.
The Associated Press.

[illegible]

Sl. No.	Particulars	Debit	Credit	Balance
1	Balance b/d			
2	By Cash			
3	To Cash			
4	By Bank			
5	To Bank			
6	By Debtors			
7	To Debtors			
8	By Creditors			
9	To Creditors			
10	By Salaries			
11	To Salaries			
12	By Rent			
13	To Rent			
14	By Interest			
15	To Interest			
16	By Dividend			
17	To Dividend			
18	By Profit and Loss			
19	To Profit and Loss			
20	By Balance c/d			
21	To Balance c/d			

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Friday's 4 P.M. Close

(Continued)

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Panels Scheduled For The Two-Day Conference Include:

- Strategic Options For Upstream: Lower Prices, Higher Costs
- The Price Outlook For 1999: Is There A Way Out Of Market Doldrums?
- LNG: The Supply Glut And The Commercialization Of The Business
- The Environment: Finding Market Solutions
- Using Intelligence For Business Decisions
- Global Adjustments In The Brave New World Of Weak Market Fundamentals
- The Middle East: The Challenge Of Reasserting A Pivotal Role In The Industry
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Wayne Allen, Chairman and CEO, Phillips Petroleum Co
Euan Baird, Chairman and CEO, Schlumberger
Franco Bernabe, Managing Director and CEO, ENI
Pierre Jungels, CEO, Enterprise Oil
Adrian Lajous Vargas, Director-General, Pemex
Jean-François Rischard, Vice President at the World Bank

Hoesung Lee, Advisor, Korea Energy Economics Institute
Gordon Shearer, President, Cabot LNG
Tim Cottew, Chairman and CEO, Osprey Maritime Ltd. (Singapore)
Hiroshi Nemichi, Chairman and Managing Director, Mitsubishi Corp.
Richard N. Cooper, Harvard University professor and former US Undersecretary of State
Anthony Finizza, Chief Economist at Arco
Lynton Jones, President of the Intl. Petroleum Exchange
Christophe de Margerie, Senior Vice President of Total (Middle East)
Sharif Ghalib, Director, Sovereign Ratings Group, Standard & Poor's.

For more information, contact:

Brenda Erdmann Hagerty, Conference Office, International Herald Tribune
 63 Long Acre, London WC2E 9JH, England
 Tel: (44 171) 836-4802 • Fax: (44 171) 836-0717

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E-mail address: moneyrep@iht.com

Website: www.iht.com/HT/MONEY

With a Shrug or Smile: How Service Levels Vary in Mutual Funds

By Aline Sullivan

Are you being served? For mutual fund investors that depends on where you sit. Money Report correspondents posing as prospective clients in the four corners of the globe discovered enormous differences in customer service among mutual funds.

We targeted three big fund management companies in each of United States, Britain, Continental Europe, Hong Kong, and the offshore markets, asking them to suggest an equity growth fund for an initial investment and then asked a series of questions to test their knowledge and service.

The funds could hardly have been more different. Some quantified their risks, others proffered no opinion at all. Some encouraged customers to access them via 24-hour phone services and the Internet for information and even trading, others will only deal with investors during business hours.

Most of the funds were of the open-ended variety, but a few closed-end funds were recommended as well. In some cases, the agents suggested that big purchasers consider buying open-ended funds traded on European stock exchanges, where a sufficiently large purchase could result in smaller brokerage commissions than the loads levied for direct purchases from the funds. One closed-end fund, however, was offered with a load four times greater than the standard brokerage commission.

The fees levied by the funds differed vastly. Some no-load funds charged only modest performance fees while others carried hefty front-end loads and slapped on significant annual, redemption and switching charges.

THE AMERICAN FUNDS were the clear winners in almost every category. The three companies, Fidelity Investments, the Vanguard Group and Franklin Templeton Funds, provided an extremely high level of assistance. All the telephone representatives were well-versed, pleasant and patient.

Customer service is a priority with no-load groups like Fidelity and Vanguard because they deal directly with the public and shareholders, but it was equally efficient at Franklin Templeton, which sells through brokers and financial advisers. The Franklin representative suggested contacting a financial consultant for more information but acknowledged that investors could open an account directly when asked, adding quickly that the commission would be the same.

Franklin Templeton's representative also offered helpful tips on which class of shares would be most suitable. Both Vanguard and Fidelity gave an idea of a fund by citing a few company names in its holdings. None of the three gave anything resembling a sales pitch.

Perhaps the most striking aspect of the U.S. funds was their provision of technology to serve investors' needs. All three noted that investors could download prospectuses from their Web sites, access a wealth of other useful information and, except for Franklin Templeton, complete many transactions on-line.

But technophobes had nothing to fear. No one suggested touch-tone phone service or Web sites as replacements for the personal touch. Fidelity,

A Question of Service

Money Report correspondents posed as prospective investors and approached 15 big fund companies for information about their offerings. Here are some of the questions they asked.

- 1 I am interested in this fund. What is its objective and how big is it?
- 2 Tell me about its recent returns and its risks.
- 3 Who is the fund's manager?
- 4 What are the fees for this fund?
- 5 What kind of reports about the fund do you send to shareholders?
- 6 What kind of account statements do you send?
- 7 Is there a 24-hour service with account information? When is the service available?
- 8 What is the minimum initial deposit? Is there a minimum for subsequent investments or a monthly savings plan?

for one, must be making incomprehensible Sunday investors happy by having real-time phone representatives available 24 hours a day, seven days a week.

Indeed, our New York-based reporter's only gripe was the length of time it took to receive a prospectus. The longest delay was nine days.

Britain has a better postal service. But that is probably of little consolation to its investors who are, on the whole, treated much worse than their U.S. counterparts. Our correspondent in London found that none of the companies provided exactly what he asked for. The agents and the literature tended to put things in dense, obfuscatory language.

Worse were the omissions. One of the companies, M&G Securities, offered to sell investment trusts (closed-end funds) with an initial sales charge of 4 percent and did not mention that the same transaction on the stock exchange carries a 1 percent charge. Rachel Meddill, an M&G Securities spokeswoman, said: "I don't see that we're under any obligation to give a complete review of the market and tell people how to go through other channels."

None of the British fund managers handle phone inquiries on weekends or evenings. The majority of clients of Schroder Unit Trust Management, Perpetual Unit Trust Management and M&G Securities must interrupt their work or lunch to do business with them.

Customer-service representatives, once reached, seemed thrown at times by questions that went only slightly beyond rudimentary. An agent could offer no satisfactory answer when asked about the risks of the Perpetual High Income Fund, for instance. When pressed, she replied: "At Perpetual we don't risk-rate our funds. There's not anything more I can say, it's just a unit trust."

Roger Cornick, Perpetual's deputy chairman, defended his employee, saying that "if you don't know the answer yourself, the correct thing — and the thing that was done in this case — would be to be honest and say they don't know."

SHOULD SHE NOT have offered to have someone more knowledgeable call back with an answer? "Yes, that would have been preferable," Mr. Cornick conceded.

The Perpetual agent knew little about risk but was intimately acquainted with the fund's charges. The bid-offer spread was 6.5 percent, meaning that the price to buy shares in the fund were 6.5 percent higher than the price at which they could be sold. This spread embodies the various charges levied by management companies, including in this case the 0.5 percent government stamp duty, the 5.25 percent initial sales charge and

British Funds

M&G Recovery	Perpetual High Income	Schroder U.K. Enterprise
1 Growth, £1.6 billion.	Mostly income but also capital growth. £2.3 billion.	Capital growth and some income. £1.7 billion.
2 Up 28.5% in 12 months, 18.4% annualized over 5 years. Slightly more risky.	Up 30.3% over 12 months, 149.3% total over 5 years. No estimation of risk.	Up 22.3% in 12 months, 20% annualized over 5 years. Low to medium risk.
3 Richard Hughes, since 1988.	Neil Woodford for 10 years.	Jim Cox for six years.
4 5% initial sales charge, 1% annual fee.	5.25% initial sales charge, 0.75% for cost of buying units, 1.25% annual fee.	5.25% initial charge, 1% annual fee.
5 Semiannual reports show top holdings, sales and purchases, fund accounts and balance sheets.	Semiannual statement showing fund's performance, top holdings and manager's report.	Semiannual reports show top holdings, performance and manager's comments.
6 Semiannual statements show transactions and value.	Confidential note and semiannual reports that show performance, risk information and statements.	Statement shows sector allocations and tax details.
7 No. By phone, 8 A.M. to 6 P.M. weekdays.	No. By phone 8:30 A.M. to 6 P.M. weekdays.	No. By phone 9 A.M. to 5:30 P.M. weekdays.
8 £500, £40.	£1,000 or set up savings plan with £20 a month.	£1,000. Savings plan starts at £50 per month.

Contact information:
Telephone: 44 171 636 6588.
Web site:
www.mg.co.uk

Telephone: 44 1491 417 001.
Web site:
www.perpetual.co.uk

Telephone: 44 171 658 0004.
Web site:
www.schroders.com

Europe Funds

Robeco Rolinco	Novus 5000	UBS Invest Switzerland
1 Long-term capital growth. 6 to 7 billion guilders.	Long-term growth and some income. 17.5 billion French francs.	Growth. 3 billion Swiss francs.
2 Up 8% in 12 months, 25% annualized over 3 years & 15% over 5 years. Low risk because it invests worldwide.	Up 9.3% in 12 months, 75% total over two years. Medium risk.	Up 37.11% for 12 months, 154.67% total for 3 years and 205.38% for five. Risk is higher than bonds.
3 Mr. De Bruin for 15 years, ending Sept. 1. Then Ms. Kemna. Agent said it was "just a management change."	Agent did not know the manager's name.	Patrick Pilotti. Agent did not know his tenure.
4 0.5% to buy and to sell. Annual expense fee (0.25% in '97). Closed-end fund, can be traded on exchange; agent said this was only worthwhile for large transactions.	2% front-end load.	1% load, 1% management fee included in price. Custody fees range from 0.1% to 0.5% annually.
5 Twice yearly reports show asset allocations and manager's outlook. More information on request.	Quarterly report shows performance, geographical and asset diversification but does not identify companies.	Annual report shows 10 biggest holdings and manager's outlook. Quarterly report on request.
6 Prices, dividends and holdings sent after each transaction, annually and upon request.	Annual statement shows number of shares and value. Quarterly statement on request.	Semiannual statement shows total holdings and prices.
7 Yes, prices only by phone system or Web site. Agents available 8 A.M. to 9 P.M. Mon.-Fri., 9 A.M. to 5 P.M. on Sat.	Yes, automated phone service for information and transactions. Agents available 9 A.M. to 5 P.M. weekdays.	No, information by phone 8 A.M. to 5:30 P.M. weekdays. Phone transactions only in Switzerland.
8 1,000 guilders; monthly plan available for 100 guilders.	1,000 francs; monthly plan available for 500 francs.	Swiss investors, 860 Swiss francs; others, 50,000, 100 Swiss francs.

Contact information:
Telephone: 31 10 224 1199.
Web site:
www.robeco.nl

Telephone: 33 83 66 84 34.
Internet:
http://www.novusinvestments.fr

Telephone: 41 1 235 3636.
Web site:
www.ubs.com

0.75 percent representing "the cost of buying the units."

But units are not bought, they are created by the fund, based on demand. What she meant, Mr. Cornick said, is that there are costs involved in putting new money to work in the markets and that the bid-offer spread factors in those costs. Perpetual's practice, he said, was "standard for all managers."

The spread of Schroder U.K. Enterprise was equally inflated, yet its representative only mentioned the initial charge, so points to Perpetual for forthrightness. The spread of M&G's Recovery Fund, however, did not reflect anything other than stamp duty and the initial charge.

Dutch and Swiss agents were more eager to please than the British if not as knowledgeable as those in the United States. The Swiss Bank of Switzerland agent was particularly helpful:

"volunteering that the fund could be purchased through the stock exchange and detailing the investment and fee considerations to determine if that was worthwhile. He also noted all the changes that would affect the fund following the UBS merger with Swiss Bank Corp."

THE FRENCH AGENT at Credit Lyonnais SA was more brusque. She also was the only one of the 15 agents interviewed not to know the name of the fund manager, let alone his tenure. But she cheered up when asked about trading through the company's Web site, saying: "such technological developments won't happen here, any time soon."

The three European funds are aimed at although not restricted to investors living in their respective countries. The

Trust proved to be the straightest shooter of the three: they sent a proper summary of the fund they promised, although no formal prospectus. It was also the only Asian company interviewed to provide a benchmark against which to compare its funds. The IF fund offered was the Global Securities Trust, in business since 1974. Over the last five years, it has tended to outperform slightly or track the MSCI World Index.

AGENTS AT ALL the three offshore fund management companies: Fleming Fund Management, Fidelity International in Luxembourg and Mercury Asset Management in Jersey were all reasonably friendly and helpful but differed greatly in their accessibility and knowledge.

Their literature also varied significantly. Fleming's report was most informative, easiest to follow and attractively laid out. It included the 10 top holdings for each fund, with percentages, absolute and relative performance figures and a graph plotting growth of the fund and its benchmark index for 10 years or since inception for newer funds.

It also provided information for investors with a bent toward technical analysis, such as measures of volatility and sensitivity of returns relative to the benchmark.

Mercury offered almost identical information on each fund, without the little corner of each page that Fleming devoted to volatility and risk measurements. One nice touch: Mercury listed the name of an individual to contact for further information. It also stressed the importance of verifying with a professional the tax consequences of investing offshore, a critical aspect of such investment. Mercury is the leader in costs with the lowest sales charges of the three and the only one not to charge one percent to switch between funds.

FIDELITY'S LITERATURE was the least user-friendly of the three, with much of it devoted to cataloging awards it had won from various rating services and magazines. One advantage for prospective clients, however, is that Fidelity's customer-service lines are open on weekends and are accessible through toll-free phone

Asia Funds

JF Global Securities Trust	HSBC Global Opportunities	Fidelity Global Growth
1 Steady capital growth. \$53.3 million.	Long-term capital appreciation. \$20.43 million.	Long-term capital growth. \$72 million.
2 Up 14.4% for one year, 52.8% for 3 years, 80.9% for 5 years. Annualized volatility: 11.6% over 3 years.	Up 42.55% over 3 years and 58.25% over 5 years. Low to medium risk.	Up 14.5% since January inception. Risk-return rating of 4 on Fidelity's 1 to 5 scale (1 is safest).
3 David Atkinson. Agent did not know his tenure.	Adrian Shaw Resnick. Agent did not know his tenure.	Richard Skelt since inception.
4 5% front-end load, 0.5% redemption fee and 1.5% annual fee.	5.25% front-end load, 1.5% annual fee.	5.25% front-end load; annual management fee of 0.5%.
5 Quarterly.	Quarterly.	Quarterly.
6 Quarterly.	Quarterly, monthly available on request.	Quarterly.
7 Yes, automated telephone.	Yes, automated telephone (prices only). Agents available 9 A.M. to 6 P.M.	Yes, by telephone. Agents available 9 A.M. to 6 P.M. weekdays; 9 A.M. to 1 P.M. Saturday.
8 2,000 Hong Kong dollars, 1,000 dollar monthly savings plan available.	Monthly plan starts at 800 Hong Kong dollars.	6,000 Hong Kong dollar minimum. Monthly plan starts at 3,000 dollars.

Contact information:
Telephone: 352 34 10 30 20.
Web site:
www.flemings.lu

Telephone: 852 28 81 01 11.
Web site:
www.hsbc.com.hk

Telephone: 852 26 29 26 26.
Web site:
www.fidelity.com.hk

UBS fund, for example, is available to domestic investors with 860 Swiss francs to start, while foreigners must be ready to pony up just a bit more: 50,000.

Investors in the Robeco's Rolinco fund may need to brush up on their Dutch before tackling the annual report. English translations are available on request, however, for those willing to wait. Both the Swiss and Dutch agents spoke excellent English. Credit Lyonnais agents are best addressed in their own language.

In Hong Kong, Asia's fund management capital, the three large fund management companies surveyed provided quick and courteous service. All three, Fidelity, HSBC Securities and Jardine Fleming, promised that prospectuses for a "global equities growth fund" would be mailed right away, and all of them were received within three days.

WHAT ARRIVED, however, were big pitches for automatic monthly investment plans. The information on the funds themselves was for the most part less than satisfying for anyone keen to know how the fund manager would be spending their money.

The folks at Jardine Fleming Unit

numbers in several countries. Also, it offers a monthly savings plan that the other offshore funds do not.

The offshore funds were the least impressive of the 15 surveyed when it came to settling electronic transfers. Mercury provides settlement as soon as wired funds are received, but the other two companies said they did not yet have cash to work for five business days after it was received.

Elsewhere, the Robeco agent said settlement would take three to five days, and the UBS agent was unsure how long it would take. Most of the other funds credited electronic payments within 24 hours, but in Britain, Schroder said it did not accept electronic transfers.

The application process for all of the funds was straightforward, all investors had to do was send a check for the required minimum deposit along with the appropriate forms.

Many of the funds offered monthly savings plans, which typically allow the smallest denomination of investments after an account is opened.

Because we called big mutual fund families, we expected them to allow investors to switch into other funds in each company's stable. Indeed, all but one family did, and many of the load

Continued on Page 17

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THE MONEY REPORT

Good Time to Snap Up Bargains, but Beware

I'M COMING to work with a lot more enthusiasm than I have in a long time," Jay Weinstein, the small-cap guru, told me last week. This was an unusual statement considering that (a) Mr. Weinstein's business is managing portfolios loaded with small-company stocks, and (b) the Russell 2000, the small-cap index, had just suffered its 13th losing session in 14 days and was off 19 percent from its April high.

Yes, Mr. Weinstein admitted, he owns lots of small-company stocks that have been clobbered, but he is more excited about the prospect of buying more at reduced prices.

There is a lesson here for all of us. Market declines present wonderful opportunities. That's hard for many investors to understand. They're happy to buy suits on sale, but not stocks.

Warren Buffett, the hugely successful investor, once wrote, "As far as I am concerned, the stock market doesn't exist. It is there only as a reference to see if anybody is offering to do anything foolish." There are lots of foolishly low prices out there now.

But there are dangers. What goes down can go down some more. In 1973, for instance, the Standard & Poor's 500 stock index, a proxy for the broad market, fell 17 percent, the biggest loss in 32 years. But in 1974, it kept falling, racking up a 30 percent loss, the biggest in 37 years.

The greater risk for many investors, however, is to view corrections with dread, at best holding tightly to what they have, at worst selling.

Instead, you should follow Mr. Weinstein's joyful example and go shopping for bargains. There are certainly more abundant than they were a few weeks ago. Here are two fields of dreams:

Branded Wallflowers. This is a phrase I coined a few years ago for brand-name companies that were being shunned by investors for no good reason.

The original BWs, such as Clorox, have soared out of sight, but some have fallen back to earth in the recent correction.

One is Merrill Lynch & Co., which tumbled \$20 in the three weeks beginning July 13 and now trades at a price-to-earnings ratio of 15, or 40 percent below the average stock in the S&P. Merrill pays a dividend that is only 1 percent of its price, but the payout has been rising at an annual rate of 22 percent for the past five.

An excellent source for Branded Wallflowers in the United States is the Value Line Investment Survey, which includes many of them in its recommended portfolios. For example, a new addition to the research firm's "performance" list is Bed Bath & Beyond,

which has a market capitalization of \$64 mil-

lions. It has two manufacturing lines: sporting goods (including archery equipment) and office equipment (check signs, letter openers, etc.). It traded Friday at \$21.25 a share and last year earned \$2.25.

The story gets better. In June, the company made a deal to sell its sporting-goods business for \$74.5 million, or a net, after debt payoff and taxes, of about \$13.50 a share. "So you are paying \$6.50 a share for an office products company that will make \$1.15 to \$1.20 next year," said Mr. Weinstein. That is a P/E of less than 6. "Plus, it will have the cash to buy in its own stock or make acquisitions. This seems like a no-brainer."

It is not the only one out there. Mr. Weinstein also pointed to Astronics Inc., a stock he recommended in my Top 10 list in January 1997. At the time, it traded for \$5.50 a share. It hit \$14.63 on June 30, 1998—a gain of 166 percent in 18 months. But since then it has been caught in the small-cap downward, falling as low as \$10 last week.

Astronics, with a market cap of just \$51 million, is also a company with two lines: electronics for the aerospace industry and specialty packaging. It has incredibly steady earnings, which have

been rising every quarter for the past four years. Profit increased 27 percent for the six months just ended, but the stock's current P/E is only 13. Astronics recently landed a lucrative \$50 million government contract, but investors do not seem to care. They have driven the stock down 28 percent in the past six weeks.

When I spoke to Mr. Weinstein on Wednesday, he was also rhapsodizing over a little company called Datarum Corp., which makes memory upgrade boards for workstations and servers for big companies. Datarum has a beautiful balance sheet with lots of cash, but it seems to be misunderstood. It does not make microchips—a tough business—but buys them from others and assembles them on its boards.

Datarum trades at a P/E of just 8 despite earnings that have risen 45 percent in the past 12 months.

Mr. Weinstein is not the only small-cap enthusiast. Even Dow Theory Forecaster, a newsletter that normally focuses on blue chips, is recommending Patrick Industries Inc., which makes building products for the recreational vehicle industry. Patrick, with a market cap of \$85 million, trades at a forward P/E of 10 and a price-to-sales ratio of just 0.22 (anything below 1.00 is normally considered cheap)—"far too low," writes Dow Theory. "Given Patrick's profit margins and historical growth rate."

This list of potential bargains is not meant as a buying guide but as an indication of what's out there if you look closely. The long-term trend of the stock market over the past century has been up. In the past, sharp declines, like the one since July 17, have been great times to go shopping, not to hunker down—and certainly not to sell good companies that you should hold for the long term.

Washington Post Service

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JAMES K. GLASSMAN ON INVESTING

a leading retailer of home furnishings, with 148 stores.

The stock has been hammered lately, falling 28 percent in a month—despite a bottom line that is "advancing nicely, benefiting from the rapid maturation of its expanding superstore base," according to Value Line. The company is expected to earn \$1.29 per share for the year ending February 1999; that is a prospective P/E of 16.

Value Line also gives high marks to MBNA Corp., the huge credit-card issuer, whose stock dropped 20 percent in three weeks and now trades at a prospective P/E of 23, relatively modest for a company whose earnings continue to grow at 20 percent-plus. The stock is a top holding of Legg Mason Value Trust, a fund that has been whipping the market this year.

Two other stocks that, despite being mauled by investors, enjoy Value Line's highest status (a "1" rating) and qualify as BWs: Ethan Allen Interiors Inc., home furnishings, with an estimated P/E of 16 and a decline from its high of 38 percent; Outback Steakhouse Inc., with a forward P/E of 17 (down from 29 in March) and a recent price decline of 20 percent.

Small caps: Small-capitalization

tion. It has two manufacturing lines: sporting goods (including archery equipment) and office equipment (check signs, letter openers, etc.). It traded Friday at \$21.25 a share and last year earned \$2.25.

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Lose a Price, Raise a Price: Franklin Increases Mutual Series Loads

By Carole Gould

NEW YORK—It was, to say the least, odd timing: Last month, after Franklin Resources Inc. announced Michael Price was succeeding his chief executive and stock-picking duties at its Mutual Series fund unit, the company increased the front-end loads for small investors in the six funds.

The load, or initial sales charge, was raised to 5.75 percent from 4.5 percent for those with less than \$50,000

invested. So not only are investors left without the skills of Mr. Price, the wanted value investor, but many will have to pay more for the privilege of buying shares.

The reason for Franklin's move could lie in its own flagging share price, according to analysts. Shares of Franklin Resources have fallen 25 percent from a high of \$57.3125 on April 13 to \$43.1875 on Friday afternoon.

A. Michael Lipper, chairman of Lipper Analytical Services in Summit, New Jersey, said Franklin might be hoping the increased sales load will "get more brokers who are looking for a higher-loaded fund to

sell." But why the weakness in Franklin stock to begin with? One reason may be the company missed its second-quarter earnings estimate of 54 cents a share by 2 cents.

But a more serious influence is likely to be the Asian economic crisis. Some investors may be looking at Franklin's international and emerging-markets exposure through its Templeton funds group, which is focused on foreign stocks. Templeton funds account for 46 percent of Franklin's assets.

New York Times Service

How Service Levels Can Vary

Continued from Page 15

funds reduced the front-end load on switches, often waiving it for money-market funds.

Credit Lyonnais was the exception, requiring investors to cash out of one fund before purchasing shares in another.

The information contained in this article and the accompanying tables reflects the answers provided by fund representatives and the literature that was mailed.

Questions were posed during the late spring and early summer, and the responses reflect the funds' status at that time.

BRIEF CASE

A History Lesson In Growth Stocks

"We've recently been buying growth stocks," Richard Babson, chairman of Babson-United Inc., told me last month. Recently meaning since 1950; Babson-United has a

bit of history behind it. Mr. Babson is the first cousin twice removed of Roger W. Babson, who founded the investment-advisory and financial-publishing company in 1904. Babson-United springs from the same roots but has never been linked to the Babson mutual fund fam-

ily, which was established by a cousin, David L. Babson. Babson-United has investment-advisory clients in 48 American states and seven other countries, and it is looking to expand further afield. "We are unlike a broker, unlike a bank, unlike a mutual-fund company," said Mr. Babson. "We

give people advice that is aligned with their interests."

Financial intermediaries, he said, have an inherent conflict in offering advice because they are also trying to sell products. While Babson-United manages \$2 billion or so for individuals, as well as pension funds, profit-sharing plans and the like, Mr. Babson was most enthusiastic when describing its nondiscretionary accounts. These are for clients who just want some investing advice, which they are free to act on or not. If they like an idea, they call their brokers and trade accordingly.

The service is for people with portfolios of at least \$400,000, and it costs a minimum of \$4,000. The fees are calculated as a percentage of assets, and that 1 percent minimum can fall to 0.1 percent for an investor with several million dollars. The system works as an alternative to mutual funds, which, Mr. Babson points out, do not take individual tax situations into account and obviously are not precisely tailored to each shareholder's situation.

So what is Babson-United telling its clients to do? "Our philosophy is to buy good-quality growth stocks," Mr. Babson said, as opposed to undervalued or high-yielding

stocks or mutual funds.

Companies in the growth category, he said, are using some of their earnings to finance expansion, which is a cost- and tax-efficient way for investors to compound their investments. Stocks with juicy dividend yields pass on taxable income and are not as focused on growth, while mutual-fund transaction fees and capital-gains distributions raise costs for their shareholders when compared with the buy-and-hold-until-you-want-to-sell strategy that Mr. Babson espouses.

He does allow that mutual funds can be useful for risky and nonliquid investments such as technology, small-company and international securities.

The bulk of Babson-United's advice, therefore, regards liquid stocks, mainly listed in the United States where disclosure rules are strict and such confusing Old World distinctions as registered and bearer shares are unknown.

The company recommends "brainpower" stocks, Mr. Babson said, companies that can improve their products and services and thus raise prices. These include the bond insurer MBIA Inc.; State Street Corp., which provides financial services to institutional investors; and Boston Scientific Corp., which makes

medical devices meant to minimize corporal invasion.

Wheo Babson-United finds an industry it likes, it looks for the best company to own and suggests its clients drop laggards. In construction-related fields, for example, it suggested clients switch out of Fluor Corp., which has been affected by the Asia crisis, and into Illinois Tool Works Inc., where he said earnings are more stable and predictable.

Another switch that Mr. Babson suggested was out of IBP Inc. and into Bestfoods Inc. IBP, formerly Iowa Beef Processors, is the largest beef processor in the world, and is facing an oversupply of poultry and pork combined with the recent e.coli bacteria scare.

Bestfoods, which changed its name from CPC International Inc. in January, sells packaged foods around the world under such brands as Hellman's mayonnaise and Knorr soups. Mr. Babson likes its expansion into Eastern Europe as well as its diverse stable of brands. (HT)

TO CONTACT Babson-United, call 1 781 335 0900, or, toll-free in the United States, 800 233 7412. Fax: 1 781 335 0900. Send e-mail: babson@babson-uni.com, or write to Babson-United Building, 100 Beacon Street, Wellesley Hills, Mass. 02481, U.S.A.

Women Investors Join the Clubs

By Alexa Olesen

FOR the first time, investment clubs around the world are drawing more women than men. In the United States, women now constitute 60 percent of the membership in clubs and more women in Europe are joining than men.

Investment clubs, traditionally a male domain, are groups of 10 to 20 people who typically meet monthly to discuss the market and to choose securities in which they invest modest amounts of pooled funds. Many are co-ed, but there are single-sex clubs as well. Among all-female clubs, probably the best-known is The Beardstown Business & Professional Women's Investment Club of Beardstown, Illinois, whose elderly members have authored several books. Although their reputation was tarnished when it was revealed their investment returns were not as high as had been claimed—the result of an apparently innocent error in calculations—their 15.3 percent average annual return from the club's 1983 founding through last year plus their books and public appearances has inspired other women-only clubs around the world.

Now clubs like Witches of Wall Street, Kiss My Assets Investment Club and the Ladies Investment Syndicate of Queensland, Australia, are cropping up in record numbers.

The demographics change developed swiftly. The National Association of Investors Corp., a nonprofit association that educates individual investors and investment clubs in the United States, has seen women outnumber men in membership in just the last decade. While female memberships were 37.5 percent in 1986, they are now 60.3 percent.

Jonathan Strong, of the National Association of Investors, said, "The trend is more women and more young people. A lot of it is due to the stock market's growth and also the fact that employees have been forced into it at work." U.S. tax-law changes have encouraged individuals to invest in work-related retirement vehicles.

Retirement finance is especially important to American women, whose earnings average 75 percent of men's but who live about seven years longer. Investment clubs are a social and low-cost way of learning how to pick and follow stocks, the asset class that has historically offered the highest returns available to individual investors.

Why so many women are joining clubs now is open to debate. One in Texas said she thought it was because they had more free time than men. Elaine Ko, who helped start several clubs in Upstate New York, disagreed: "Oh, that's not true. Maybe it is in

Texas but it isn't in the Northeast. One of the reasons I think is that women are more conscious of the economics in their family, particularly if they are working women or if they have been working women."

While U.S. women seem to be leading the pack, the popularity of investment clubs among European women is growing. According to Birgit Malmsten-Skitt, president of the World Federation of Investors, more women are joining the Swedish Shareholder's Association than men, though they only constitute about a fifth of the total.

France, on the other hand, has 200,000 people in its shareholders association, most of them women involved with investment clubs, said Ms. Malmsten-Skitt.

Proshare is a nonprofit British company that promotes equity investments and educates people about investing and investment clubs. Its spokesperson, Tiffany Hardie-Evans, said women represent 44 percent of Britain's shareholders and that many of the 2,500 investment clubs registered with Proshare were female only.

One impetus for the increasing numbers of women investing in Britain was the demutualization of building societies. The switch from depositor-owned to corporate status put stocks into the hands of many women, who might not have otherwise entered the market.

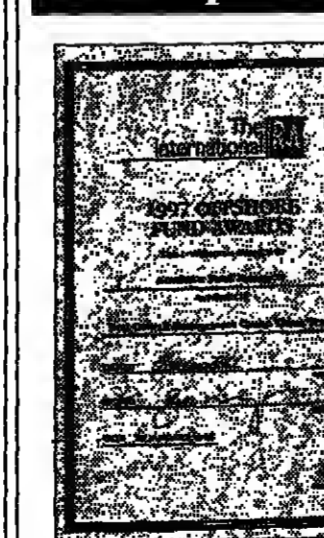
An interesting phenomenon in the United States is that all-female investment clubs are showing better returns than their stag counterparts. National Association of Investors figures showed that as of last year, the average compounded annual lifetime earnings rate for all-female clubs was 17.9 percent, compared with 15.6 percent for all-male clubs. But this in part reflects the recent increase in women's clubs, which coincided with a bull market.

While profits are naturally very important to women in investment clubs what may be even more essential in the long run is the education they gain from participating. In a recent survey conducted at a seminar titled Women Money and Power by the Bank of America, two thirds of women surveyed responded that money was not discussed openly in their households when they were growing up. A Bank of America spokesman said that while the survey was done in the United States the findings likely were applicable elsewhere.

For further information, contact:

• NATIONAL ASSOCIATION OF INVESTORS CORP. Telephone: 1 248 583 0342, e-mail: nain@nain-association.org Web site: www.nain-association.org
• PROSHARE INVESTMENT CLUBS. Telephone: 44 171 690 0904; mailing address: Liberty Chambers, 132-14 Bevington Street, London EC2A 3EQ, England.
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WORLD ROUNDUP

IBM Ends Olympic Sponsorship

International Business Machines is ending its 38-year marketing relationship with the Olympics, deciding after months of negotiations not to sign an eight-year deal, the company said Friday.

IBM, which spent more than \$100 million to sponsor the 1998 Winter Games in Nagano, Japan, and provided much of the behind-the-scenes technology for free, wanted local Olympic organizing committees to share the technology costs. But the two sides never agreed on how much money should be paid to IBM or how much the company should do for free in exchange for marketing rights. The International Olympic Committee concluded that IBM's projected costs were too high.

IBM's sponsorship will end with the 2000 Summer Games in Sydney.

Owners Walk Out of NBA Negotiations

BASKETBALL The NBA commissioner, David Stern, and several owners abruptly left labor talks after hearing the players' latest proposal Thursday for a new collective bargaining agreement.

The meeting, attended by more than a dozen players and six owners, lasted about 90 minutes before the group broke for lunch. When talks resumed, the players spent about 15 minutes outlining a new proposal, involving revenue sharing, the rookie salary scale and mandatory raises, then Stern and the group of owners walked out.

Hingis Advances to Toshiba Semifinals

TENNIS Top-seeded Martina Hingis beat Joannette Kruger of South Africa, 6-1, 6-3, to advance to the semifinals of the Toshiba Tennis Classic in Carlsbad, California. Hingis, 17, reached the semifinals for the ninth time in 11 tournaments this year. On Saturday, she will face the winner of Friday's quarterfinal match between third-seeded Venus Williams and Mary Pierce. Second-seeded Lindsay Davenport beat Lisa Raymond and eighth-seeded Nathalie Tauziat defeated Amy Frazier in second-round matches to set up a quarterfinal meeting.

• Rain forced postponement Thursday of all matches in the du Maurier Open tennis tournament in Toronto. (AP)

Lewis and Chambliss Lead Buick Open

GOLF J.L. Lewis and Brandel Chambliss, each seeking their first victory on the PGA Tour, shot 7-under-par 65s and were one stroke ahead of three others in the first round of the Buick Open. The defending champion, Vijay Singh, and Gary Hallberg shot 66s over the rain-soaked Warwick Hills Golf & Country Club course in Grand Blanc, Michigan.

Victory For U.S. In 80-77 Squeaker

The Associated Press

ATHENS — The United States withstood a 32-point performance by Carlton Myers and rallied to edge Italy, 80-77, on Friday to set up a semifinal meeting with Russia at the World Basketball Championship.

Michael Hawkins led the U.S. team with 16 points and Wendell Alexis added 14, including two free throws with 25.7 seconds left that put the Americans ahead, 79-77.

Myers missed a 28-foot 3-point attempt that would have won the game with 2.9 seconds left on the clock, and Kiwane Garris (11 points) added a free throw for the final margin.

"Eventually we wore them down and made the baskets that counted," Alexis said. "We would have loved to win the game by 30 points, but now it's down to the medal round, and every game is going to be hard."

The Dream Team probably would have beaten Italy by about 30 points, but the National Basketball Association's ongoing labor dispute with its players prevented the stars from playing in the championship tournament.

In their place is a ragtag mix of players drawn mainly from the Continental Basketball Association and European leagues.

Russia moved into the semifinals by pulling away from Lithuania, 82-67, as



Russia's Mikhailov shooting over Lithuania's Einikis.

Vassili Karashev had 31 points. Russia lost to the United States in the gold medal game at the 1994 tournament.

Yugoslavia was to play Argentina, and Greece was to face Spain in quarterfinals later Friday.

The Loodoo-born Myers, whose mother is Italian, repeatedly found seams in the American defense for slashes to the basket, often resulting in trips to the foul line. He made all 15 of his free throws, but shot 7-for-18 (39 percent) from the field.

"This game was tough to lose," Myers said. "We were there to the end."

Italy's Slovenian-born center, Gregor Fucak, added 11 points.

Hawkins and backup guard Kiwane Garris (11 points) scored several key baskets down the stretch as the United States clawed back from a 73-66 deficit with 4:57 left.

Jimmy Oliver, the Purdue product whose 14.0 scoring average led the United States in preliminary-round play, had just two points, on a pair of free throws with 2:45 remaining.

Karashev scored 19 in the second half and Sergei Babkov added 10 points and 6 rebounds for Russia.

In consolation games played Friday, Andrew Gaze, with 33 points, led Australia past Canada to a final score of 88-71, while Rogerio Klafke had 19 points and 7 rebounds as Brazil defeated Puerto Rico, 76-64.

Less Talent but More Class

Ignored by NBA, Alexis Goes All Out for U.S. Team

International Herald Tribune

FOR this month, the best American basketball player in the world is Wendell Alexis. He has never played in the National Basketball Association, and that, momentarily, is a good thing. Alexis is a 34-year-old forward trying to help win the World Championship for the United States, and Friday he scored 14 points in the U.S. 80-77 victory over Italy.

The 16-nation professional tournament, which is played every four years, is basketball's version of the World Cup.

Oddly enough, the recent World Cup created a larger following in America. But the basketball tournament is being played far away in Athens, most of the games haven't been televised, and no one really seems to have much idea of who Wendell Alexis is or what he's trying to accomplish.

A dozen years ago he simply vanished. He had been drafted in the third round by the Golden State Warriors in 1986. They cut him the day before the season began. He was 22 and out of work so he accepted a spur-of-the-moment offer to play for a club in Spain. Over the ensuing years he has played for Real Madrid and for several clubs in Italy and France.

He became famous in Israel, where he starred for Maccabi Tel Aviv, and Germany, where last season he was named player of the year while representing Alba Berlin.

But each summer he returned for tryouts with the Knicks, the Clippers, the 76ers, the Cavaliers and so on.

Not long ago he had stopped thinking about playing for an American coach with American teammates in front of American fans.

Then, just last month, he received a most unexpected invitation to play for the defending world champion U.S. basketball team. He would be taking the place of NBA All-Star players who were threatening to withdraw from the tournament because of their labor dispute with the NBA.

Alexis and 11 American teammates and three of the best basketball coaches the United States can produce are in Athens this weekend, trying to win the last two games of the tournament in defense of the gold medal won in 1994 by something called "Dream Team II."

That particular team was filled with some of the most talented individuals in the world who proceeded to trash-talk and bully their opponents. The team elicited little sense of pride from Americans.

The principles embodied by the current U.S. team are entirely different. Sure, no one in the U.S. seems to care, but that's a matter of celebrity. If the Dream Teamers were on display, Americans would be watching them — and probably griping about their conceit.

In America/IAN THOMSEN

Now along comes a team of decent players who embody teamwork and hard work, while still competing at a high level — and there is no audience for such a team. I guarantee that Rudy Tomjanovich, who has coached two NBA champions, has enjoyed working with this team a lot more than he would have liked dealing with the NBA cast.

This is not meant to congratulate players for lacking in talent. These players might yet fail to win the championship. There is no doubt that the NBA team would have been superior.

But there are a number of people in American basketball who are glad, personally, to see the country being represented by grown men who spare no effort. By having to adapt to other cultures, by swallowing his pride occasionally and yet persevering, Alexis has succeeded at a level that many NBA superstars cannot imagine.

Making a career playing basketball in Europe is, according to Alexis, like "playing a trade." He has earned as much as \$500,000 a year, so it has become a lucrative trade.

"If you're talking about playing in obscurity and not getting attention back home, to me that really exemplifies the word 'professionalism,'" he says proudly.

Tomjanovich says Alexis could succeed in the NBA. So could his peers on this U.S. team — players like Jimmy Oliver, Jason Sasser, Brad Miller, David Wood, Jimmy King, Michael Hawkins. All 12 of them, in fact, could play at some level in the NBA.

"I would have loved to receive that call from the NBA two years ago," Alexis says. "But my kids are of an age now that I want to see them every day."

"I would seriously consider it, sitting here today, if an NBA team were to make me an offer. But unless the money was guaranteed, and I had a feeling for how much I was going to play and how involved I was going to be, I don't think I would want to travel for 41 NBA games and playoffs."

"Anyway, I have to be realistic. There aren't any 34-year-old rookies."

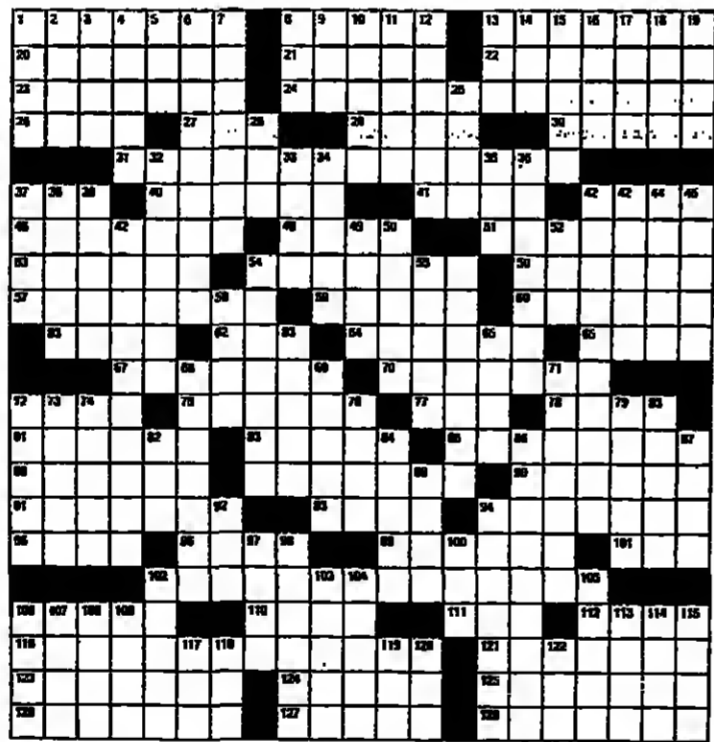
In the meantime, he wants to help win this gold medal so that his country will qualify automatically for the basketball tournament in the 2000 Olympics at Sydney. By then another Dream Team of NBA stars will probably be assembled — perhaps with even more money in their pockets.

But don't despair. There is always the possibility of another NBA labor revolt in 2000, and Alexis will still only be 36.

Ian Thomsen is a senior writer at Sports Illustrated magazine.

VICIOUS CIRCLE By Christopher Hurt

- ACROSS
- 1 Launch of July 1962
 - 8 The "E" in E. L. Doctorow
 - 13 Bantle, for ...
 - 20 Trapped
 - 21 1930's-40's director Zoltan
 - 22 Secondary result
 - 23 Hardly used
 - 24 Writer who said "Sister is what comes Saturday night"
 - 26 Pulitzer-winning biographer Leon
 - 27 Sundial letters
 - 29 Junglike
 - 30 Ere
 - 31 "I wish you a mercurial and a happy New Year" pennant
 - 37 Mom-and-pop
 - 40 Kind of condor
 - 41 Dealer's nemesis
 - 42 Smart
 - 46 Patches again
 - 48 One of the Allies of W.W. II
 - 51 O
 - 53 Amorous
 - 54 Where the smart set met (answer to be entered in the appropriate manner)
 - 56 Green, maybe
 - 57 1988 movie that won Best Original Score
 - 58 Novel by D. Down
 - 60 Universals
 - 61 Island in French Polynesia
 - 62 Gov. Laundon
 - 64 "— on \$45 a day"
 - 66 A reduced state
 - 67 Park toy
 - 70 Made for a mortise
 - 72 Binary
 - 75 Thoroughly confine
 - 77 Plaza abbr.



Solution to Puzzle of Aug. 1-2

- DOWN
- 1 Bunt, for one
 - 8 Japanese portal
 - 13 Penitential
 - 20 Sanford of "The Jeffersons"
 - 21 Summomed, as a butler
 - 22 Island southeast of Bernese
 - 23 Schools for
 - 24 "What — the odds?"
 - 26 "Papillon" star
 - 27 "No —" (slangy O.K.)
 - 28 Drift
 - 29 "Tis — beguiling"
 - 42 Editor who "looked like a dishonest Abe Lincoln"
 - 43 Handy
 - 44 Buntlines, e.g.
 - 45 Signal
 - 47 She replied to Noel Coward's residence
 - 49 Nursery rhyme residence
 - 50 Confute
 - 52 Dean Smith's act.
 - 53 Bureaucracy
 - 58 Leisure
 - 63 One facing life, maybe
 - 65 Sound
 - 66 Loner
 - 68 East wind, in Greek myth
 - 71 Channel
 - 72 Hot dog garnish
 - 73 Haven
 - 74 Casualty of 1997
 - 76 Subatomic particle
 - 78 Abstractions
 - 80 Gorgeous
 - 82 J.P.K. or F.D.R.
 - 84 Shenlock's lady friend
 - 86 Set 6-D down case
 - 87 Set 6-D down rival
 - 89 It's a gas
 - 92 Bean
 - 94 — Mounds
 - 97 Collect
 - 98 They may be vital
 - 100 Chem. or biol.
 - 102 So out it's in
 - 103 Guitar sound
 - 104 Winner of a novel 1978
 - 105 Supreme Court case
 - 106 Alphabetical sequence
 - 107 Glandular fever, for short
 - 108 Movies rode on it
 - 109 Kind of suit
 - 113 Done, in Verdun
 - 114 Sleep
 - 115 Utah city
 - 117 Turn left
 - 118 Fashion imit.
 - 119 Snake
 - 120 Alphabetic sequence
 - 122 Actress Massem of "Tokyo Rose"
 - 123 Wife of Esau

SCOREBOARD

BASEBALL

MAJOR LEAGUE STANDINGS

AMERICAN LEAGUE	EAST DIVISION	WEST DIVISION	NATIONAL LEAGUE	EAST DIVISION	WEST DIVISION
New York	W L Pct. GB	Cleveland	W L Pct. GB	Atlanta	W L Pct. GB
Boston	50 29 .734	Pittsburgh	48 31 .609	Philadelphia	47 33 .589
Baltimore	46 36 .562	Chicago	46 38 .549	St. Louis	46 38 .549
Toronto	45 37 .551	Detroit	45 39 .537	San Francisco	45 39 .537
Tampa Bay	44 38 .537	Kansas City	44 40 .524	Los Angeles	44 40 .524

CRICKET

AFRICA VS. ENGLAND

AFRICA VS. ENGLAND, 1st Test, 2nd day, Friday, in Durban, South Africa. England: 230.

THE WEEK AHEAD

SATURDAY, AUGUST 8

ATHLETICS: Monte Carlo, Monaco — IAAF, Hercules Zepher '98, Golden League series.

SUNDAY, AUGUST 9

ATHLETICS: London, England — IAAF, Hercules Zepher '98, Golden League series.

MONDAY, AUGUST 10

ATHLETICS: London, England — IAAF, Hercules Zepher '98, Golden League series.

TUESDAY, AUGUST 11

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Los Angeles	800-555-1212	213
Madrid	800-555-1212	91
Manila	800-555-1212	63
Mexico City	800-555-1212	52
New York	800-555-1212	212
San Francisco	800-555-1212	415
Seoul	800-555-1212	2
Stockholm	800-555-1212	8
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SPORTS

Braves Belt Reds, 5-0, As Maddux Wins 199th

The Associated Press

Greg Maddux was in total control — as usual.

Maddux (15-5) allowed three hits, walked none and struck out six for his 199th career victory in the Atlanta Braves' 5-0 victory at home Thursday night over the Cincinnati Reds.

The four-time Cy Young Award winner has 28 career shutouts and 89 complete games, including nine this season. He lowered his earned-run average, which leads the major leagues, to 1.53, and needed just 92 pitches to finish the shutout in 2 hours, 5 minutes.

"You keep saying the same thing over and over, and it sounds like a recording," the Braves' manager,

BASEBALL ROUNDUP

Bobby Cox said. "He was absolutely in command."

Maddux didn't need much help from his offense but got plenty from Andrew Jones, who homered twice.

"You're always glad to throw a shutout," Maddux said. "You got to pitch good and get some breaks, and I did. Shutouts are great. They don't come around too often."

Andres Galarraga added his 34th homer for the Braves.

Jones gave the Braves a 1-0 lead in the second inning by hitting the first pitch from Mike Remlinger (6-12) over the center-field fence for his 18th homer.

It was Jones' fourth homer and seventh hit in 12 career at-bats against Remlinger, who allowed three runs and seven hits in six-plus innings.

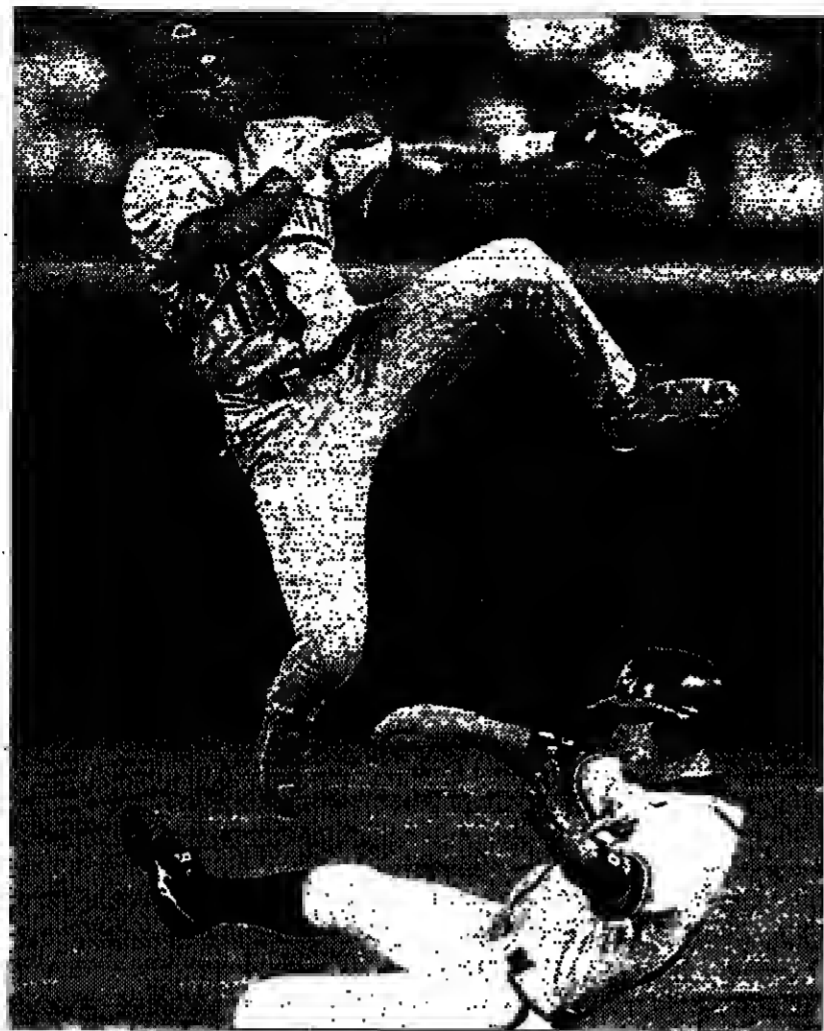
Jones hit his second homer off reliever John Hudek in the eighth.

Phillies 3, Padres 2 Rico Brogna batted in a run with a single in the 11th inning off the Padres' closer, Trevor Hoffman, in Philadelphia's victory at San Diego.

Scott Rolen led off the 11th with a double. Brogna initially attempted to bunt, fell behind 0-2, then singled to score Rolen.

After the game, the Padres reacquired Randy Myers, getting him off waivers from Toronto to give the NL West leaders a left-handed complement to Hoffman.

Mets 9, Giants 8 Jose Mesa walked home the winning run for the second time in three games as New York won a wild one at home over San Francisco.



The Reds' Barry Larkin throwing to first over the Braves' Chipper Jones.

The Mets, whose bullpen blew a four-run lead in the eighth inning by giving up two three-run homers, rallied with a run in the eighth and two in the ninth.

Expos 9, Dodgers 0 In Montreal, Jeremy Powell combined with two relievers on a two-hitter and the rookie Terry Jones homered and drove in four runs in the Expos' victory over Los Angeles and the former Expo pitcher, Carlos Perez.

Powell (1-1) allowed only a one-out single in the first and a leadoff single in the sixth, his last inning, in getting his first major league victory.

Rockies 5, Pirates 1 Dante Bichette hit his 200th career homer and John Thomson pitched a four-hitter as visiting Colorado extended Jason Schmidt's winless streak to 12 consecutive starts.

In the American League:

In the five games since the Texas Rangers made two trades to acquire the infielders Todd Zeile and Royce Clayton and the pitcher Todd Stottlemyre, the team is unbeaten.

It has not been just the newcomers who have made the difference, however. The Rangers also have gotten plenty of help from holdovers like John Wetteland and Juan Gonzalez during the streak.

Wetteland ended Thursday night's game by striking out the Boston Red Sox slugger Mo Vaughn with runners on first and second for his 30th save, and Gonzalez homered as the Rangers extended their winning streak with a 7-4 victory at home.

"We're playing inspired baseball," the Rangers' manager, Johnny Oates, said. "You can feel it in the dugout, on the field and in the community. This is what we start getting ready for in mid-February."

Gonzalez hit his 33d homer, extending his major league-leading RBI total to 118. Vaughn hit his 28th and 29th homers for the Red Sox.

The Red Sox added depth to their starting rotation by purchasing left-hander Pete Schourek on Thursday from the Houston Astros. Schourek, 29, was 7-6 with a 4.50 ERA in 15 starts for the Astros this season.

Royals 6, Twins 7 Jeff King's two-run homer in the ninth inning provided the final lead change in a wild game at Minnesota. King, who also had two doubles, lined a pitch from Rick Aguilera (3-7) to left field for his 21st homer following a walk to Dean Palmer.

The victory was the sixth in seven games for the Royals.

Seattle at Detroit was rained out. A doubleheader was scheduled for Friday.

Doping Numbs the Sense of Wonder

Spectators Cannot Admire Champions Who Win by Fraudulent Means

By Christopher Clancy
International Herald Tribune

PARIS — Perhaps Michelle Smith-De Bruin is guilty of tampering with her own urine samples. Perhaps not. Whatever the result of her appeal in the courts, whatever the merits of her four-year ban from swimming, international sport is unquestionably guilty.

The use of banned performance-enhancing drugs by elite athletes is clearly widespread, maybe even close to universal in some sports. For too many

VANTAGE POINT

years and too many Olympiads, the rewards have been too great and the risk of getting caught too slight to dissuade would-be medalists.

We are at another crossroads this month. Doping scandals turned this summer's Tour de France into a very different sort of pursuit, and now De Bruin has been suspended from her sport by FINA, swimming's governing body.

A triple gold medalist at the 1996 Summer Olympics, De Bruin is arguably the most prominent sports figure to be banned since the Canadian sprinter Ben Johnson tested positive for steroids at the 1988 Games. There have been others, including Lyubov Yegorova, the Russian cross-country skier, who has won a record six Winter Olympic golds and was banned for three years after she tested positive for bromantan at last year's world Nordic championships.

Fraud — and that is what drug cheats are engaging in — should not go unpunished, and public humiliation and loss of earning power would normally appear to be effective deterrents. The problem is that the current system punishes so few of the guilty and makes those whom it does punish look like lonely villains instead of flawed protagonists with plenty of company on the moral low ground.

Johnson's ban set off a flurry of bureaucratic activity and official hand-wringing, but a decade later it is clear that Johnson's fall from grace was no turning point, merely part of a continuum and, in some insidious way, an inspiration.

How else to explain that in 1995, when 198 elite — mostly American — athletes were polled on whether they would take a banned performance-enhancing substance if they could be guaranteed that they would win and not be caught, 195 said they would do it. The athletes, who kept their anonymity, were also asked what they would do if a banned substance guaranteed they would win every competition they entered for the next five years and then later cause them to die from the side effects. About half said that



Smith-De Bruin facing media.

Banned Swimmer Vows to File Suit

The Associated Press

DUBLIN — Michelle Smith-De Bruin, the Olympic swimming champion, vowed Friday to fight her four-year drug-related suspension and said she would sue FINA, swimming's international governing body, for damages.

Smith-De Bruin, a triple gold-medal winner for Ireland in 1996, was suspended Thursday after the federation determined that she had tampered with her urine sample.

"It was a blatant attempt to ruin my swimming career," she said of the ban. "I will be seeking substantial damages." Smith-De Bruin said she had never taken any banned substance and would take her case to the Court of Arbitration for Sport.

they would take the substance.

That is the climate we are dealing with here. These young and gifted people have a case of tunnel vision and an oddly persuasive and self-soothing moral escape hatch: If so many others are taking these drugs, why shouldn't I? If those who oversee and organize sports cannot make the playing field level, why shouldn't I take matters into my own hands?

The International Olympic Committee is again bustling about. A special meeting of the Executive Board has been called for later this month, and the International Olympic Committee president, Juan Antonio Samaranch, is tentatively planning a conference on drugs for January in Switzerland. (Conferences are a Samaranch specialty.) But the truth is that sports organizations have demonstrated neither the clout nor

the will to stamp out the problem. There is an inherent conflict of interest in an international federation's testing its own stars: Too many positive tests are not good for business in this sponsor-driven age.

Perhaps the only way to make serious inroads is for police and other conventional law-enforcement agencies to become more involved, as they did in France during the Tour.

Prince Alexandre de Merode, head of the International Olympic Committee's medical commission, reportedly said this week, "We will never rid sports of drugs, because cheating is part of human nature. But we can reduce it."

De Merode is correct that there will always be cheaters. It is that realization that inspires some to lobby for the use of performance-enhancing drugs to be legalized: If there is no way to stop some athletes from getting an illicit advantage, then make that advantage licit and end the inherent hypocrisy of it all. That is a seductively simple solution to a complex problem and, for me, terribly wrong-headed.

Drugs like anabolic steroids and amphetamines, and this decade's performance-enhancers of choice, EPO and human growth hormone, carry potentially significant health risks. By endorsing their use at the highest level, you exclude those competitors who wish to avoid those risks. You also endanger the health of those on the lower levels of the pyramid.

A survey by Pennsylvania State University in 1997 suggested that 2.4 percent of girls and 5 percent of boys enrolled in American high schools had used steroids.

The message that drug use is worth the risk clearly has trickled down, and conceding it at the World Cup and Grand Prix levels will only increase it in schools and clubs. But the issue is not only medical. It is also philosophical.

Why, after all, do sports inspire? It is not simply because athletes are powerful or graceful, or faster and more skilled than anyone before them.

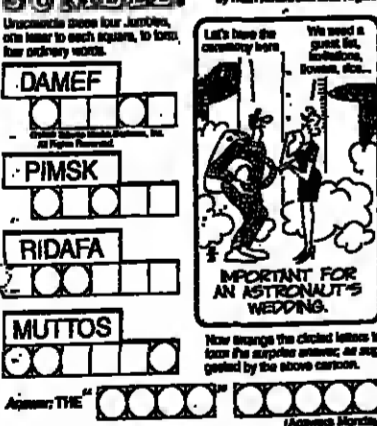
It is because their performances create a connection with the spectator. There is nationalism (the French cheer for the French) and there is admiration, but how much admiration can one feel if the means to the impressive end are artificial?

It is like admiring a man with a fine toupee for his thick head of hair, or a woman who has had a facelift for her smooth skin. It is hollow, false, and one of the biggest problems with sports today is that whenever someone does something remarkable — sets a world record, runs through the pain, steps suddenly from the shadows into the light — it creates as much suspicion as it does sense of wonder.

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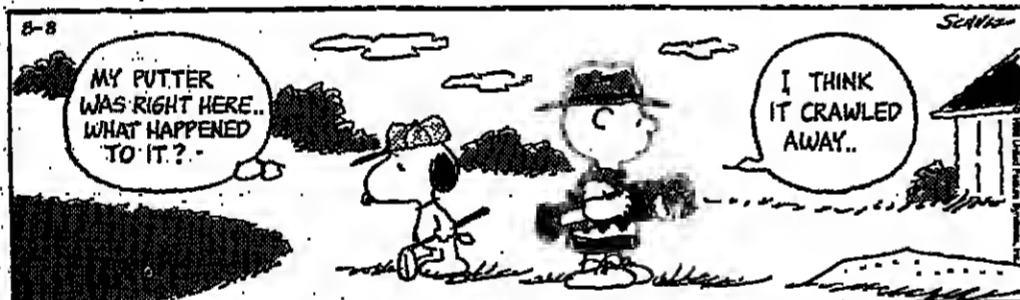
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DAVE BARRY

Yelling at the Toilet

MIAMI — Today's topic, in our popular "Practical Homeowner" series, is: Dealing With Common Plumbing Problems.

Common problems can strike your plumbing at any time. For instance, I have here a Kansas City Star story that was sent in by alert reader Sam Fey, concerning an incident that occurred in a Jefferson County, Missouri, town called House Springs. This story, which I am not making up, states:

"A House Springs mobile home was damaged when a Civil War-type cannonball smashed through a window and two interior walls Thursday night before crashing into a toilet and lodging in a bathroom wall."

Fortunately, the bathroom was not occupied when the cannonball entered. But that fact, frankly, gives me little comfort. I think most Americans would agree with me that the greatest benefit of being a U.S. citizen, aside from having the freedom to change our long-distance phone company on a daily basis, is the sense of security we get from knowing that, while sitting on the commode, we are relatively safe from cannon fire. But now we see that security being eroded. We see an America with virtually no restrictions on the sale of cannons or large slingshot devices. We see an America sliding back into the "climate of fear" that gripped the nation during the Civil War, when the cannonball problem became so severe that ordinary citizens were afraid to use their own outdoors.

REBUTTAL FROM NATIONAL RIFLE ASSOCIATION PRESIDENT CHARLTON HESTON: "Mr. Barry, like so many members of the so-called 'news media,' has taken an

We see an America with no restrictions on the sale of cannons.

An Alsatian, as by tradition many brasserie owners are, and a former chef, Bucher heads the Groupe Flo, a huge restaurant and catering chain with an annual revenue of more than 1 billion francs and a plan to open in Beijing. His holdings include the Hippopotamus group and five restaurants at Disneyland Paris, but he is most known for having taken over old Paris brasseries, beginning 30 years ago with Flo, speeding up the service and not necessarily improving the food. The most disappointing link in his chain is La Coupole, a financial success but a pleasure only to those who didn't know it before the takeover in 1989.

Le Balzar, off Boulevard Saint-Michel, is a lot smaller than La Coupole and has never been famous. The food is simple and robust, the ambience outstandingly welcoming: If one were dropped into Paris for just one meal, the choice would likely be lovable, unwhispering Balzar. It has attracted celebrities from Deanna Durbin to Francois Mitterrand, but mostly has a hard core of neighborhood habitués who do not want such habits as lingering two hours over

an omelette changed by a hard-pressed entrepreneur who might insist on rapid turnover or introduce — God forbid — frozen french fries.

And so, when Bucher took over in April Les Amis du Balzar was formed and in late June they staged a dinner uprising, standing at their separate tables sharp at 9:30 P.M., according to Le Figaro, to protest the cultural heresy of the Groupe Flo's intrusion, to deny lowering standards, to express their solidarity with the staff and to demand, unsuccessfully, that Bucher be summoned at once on his mobile telephone. This was followed by an article in Le Monde referring to Bucher as a predator and speaking of escargots nummified by the deep freeze and an overcooked sea bass.

Revolution was in the air. "The Groupe Flo is powerful and unfortunately it is more than likely that they will destroy the Balzar spirit," says Lorenzo Valentin, a young publisher who

works perfectly well and transform it. I promise not to change it. Do you really think I need Balzar to make a living? I need to defend it along with you."

No one believed a word. How could a mere entrepreneur understand the need to linger over an omelette, find consolation on a bad day from an attentive waiter, and to rely on an unchanging menu (where is the cervelat?) It is a question of culture, not commerce, said Les Amis. His point exactly, said Bucher: Had he not bought Balzar it would have become a McDonald's (not true, but why should such rhetorical devices as periphrastic exaggeration be the monopoly of Left Bank eggheads?)

Everyone, as is usual at French meetings, was talking at once. One woman's voice rose to describe a recent lunch with her 83-year-old father at which she found her lamb chop inedible. Her credentials were impeccable: She and her father come at least once, sometimes

twice, a week, her Dad likes his wine and the baba au rhum, and he is Alsatian ("Ah, does he speak Alsatian?" inquired Bucher, trying to be friendly, which went down like a lead ball). There are new dishes on the menu, the woman continued: Can you certify that you do not use the Groupe Flo's kitchens?

Bucher stated that his restaurants have separate kitchens and called upon the chef who said he still deals with his suppliers and inspects each sole. "I cook with the same love I have had for 33 years and then there is that personal attack in Le Monde about my sea bass," he said bitterly.

For Valentin it was the esprit rather than the fish that mattered and, expressing again his belief that the Flo group means Balzar's ruin, suggested that Bucher sell the restaurant. "I didn't buy it to sell it," Bucher replied shortly and remarked later that here he thought Les Amis had gone too far. They had also gone too far in suggesting that only they understood cultural memory.

"Why would I buy a little place like that, so small and special, if I didn't have the idea of cultural conservation? I fight for restaurants that have a history. I love them."

The meeting ended with Bucher agreeing to the conditions of Les Amis: no food from a centralized kitchen, respect for the personnel, the independence of Le Balzar. He further suggested that Les Amis hear their views. "Trust me," he said, which they are not about to do. "An entrepreneur as rich as you is surrounded by flatterers, we do not flatter," said an Ami virtuously. To an outsider it seemed sporting of him to have sat through two hours of insults and to have offered breakfast to boot.

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A Struggle for the Soul of a Parisian Restaurant

By Mary Blume
International Herald Tribune

PARIS — Culture and commerce clashed the other week at Le Balzar, the old and much loved Left Bank brasserie, and as usual in France no one wanted to be on the side of commerce.

The occasion was an impassioned breakfast meeting at Balzar between the new owner, Jean-Paul Bucher, who specializes in enhancing the profit margins of old brasseries, and a newly constituted group of regulars called Les Amis du Balzar, who want to ensure that the restaurant does not change.

There was rambolling about the disappearance of cervelat sausage from the menu and the introduction of something called the *marmite des pecheurs*, but for the most part the conversation was high-toned, concerned not with Balzar as a mere eatery but as a precious cultural heritage, what is called a *lieu de memoire* like the Pantheon or the Lascaux caves.

An Alsatian, as by tradition many brasserie owners are, and a former chef, Bucher heads the Groupe Flo, a huge restaurant and catering chain with an annual revenue of more than 1 billion francs and a plan to open in Beijing. His holdings include the Hippopotamus group and five restaurants at Disneyland Paris, but he is most known for having taken over old Paris brasseries, beginning 30 years ago with Flo, speeding up the service and not necessarily improving the food. The most disappointing link in his chain is La Coupole, a financial success but a pleasure only to those who didn't know it before the takeover in 1989.

Le Balzar, off Boulevard Saint-Michel, is a lot smaller than La Coupole and has never been famous. The food is simple and robust, the ambience outstandingly welcoming: If one were dropped into Paris for just one meal, the choice would likely be lovable, unwhispering Balzar. It has attracted celebrities from Deanna Durbin to Francois Mitterrand, but mostly has a hard core of neighborhood habitués who do not want such habits as lingering two hours over

an omelette changed by a hard-pressed entrepreneur who might insist on rapid turnover or introduce — God forbid — frozen french fries.

And so, when Bucher took over in April Les Amis du Balzar was formed and in late June they staged a dinner uprising, standing at their separate tables sharp at 9:30 P.M., according to Le Figaro, to protest the cultural heresy of the Groupe Flo's intrusion, to deny lowering standards, to express their solidarity with the staff and to demand, unsuccessfully, that Bucher be summoned at once on his mobile telephone. This was followed by an article in Le Monde referring to Bucher as a predator and speaking of escargots nummified by the deep freeze and an overcooked sea bass.

Revolution was in the air. "The Groupe Flo is powerful and unfortunately it is more than likely that they will destroy the Balzar spirit," says Lorenzo Valentin, a young publisher who

works perfectly well and transform it. I promise not to change it. Do you really think I need Balzar to make a living? I need to defend it along with you."

No one believed a word. How could a mere entrepreneur understand the need to linger over an omelette, find consolation on a bad day from an attentive waiter, and to rely on an unchanging menu (where is the cervelat?) It is a question of culture, not commerce, said Les Amis. His point exactly, said Bucher: Had he not bought Balzar it would have become a McDonald's (not true, but why should such rhetorical devices as periphrastic exaggeration be the monopoly of Left Bank eggheads?)

Everyone, as is usual at French meetings, was talking at once. One woman's voice rose to describe a recent lunch with her 83-year-old father at which she found her lamb chop inedible. Her credentials were impeccable: She and her father come at least once, sometimes

twice, a week, her Dad likes his wine and the baba au rhum, and he is Alsatian ("Ah, does he speak Alsatian?" inquired Bucher, trying to be friendly, which went down like a lead ball). There are new dishes on the menu, the woman continued: Can you certify that you do not use the Groupe Flo's kitchens?

Bucher stated that his restaurants have separate kitchens and called upon the chef who said he still deals with his suppliers and inspects each sole. "I cook with the same love I have had for 33 years and then there is that personal attack in Le Monde about my sea bass," he said bitterly.

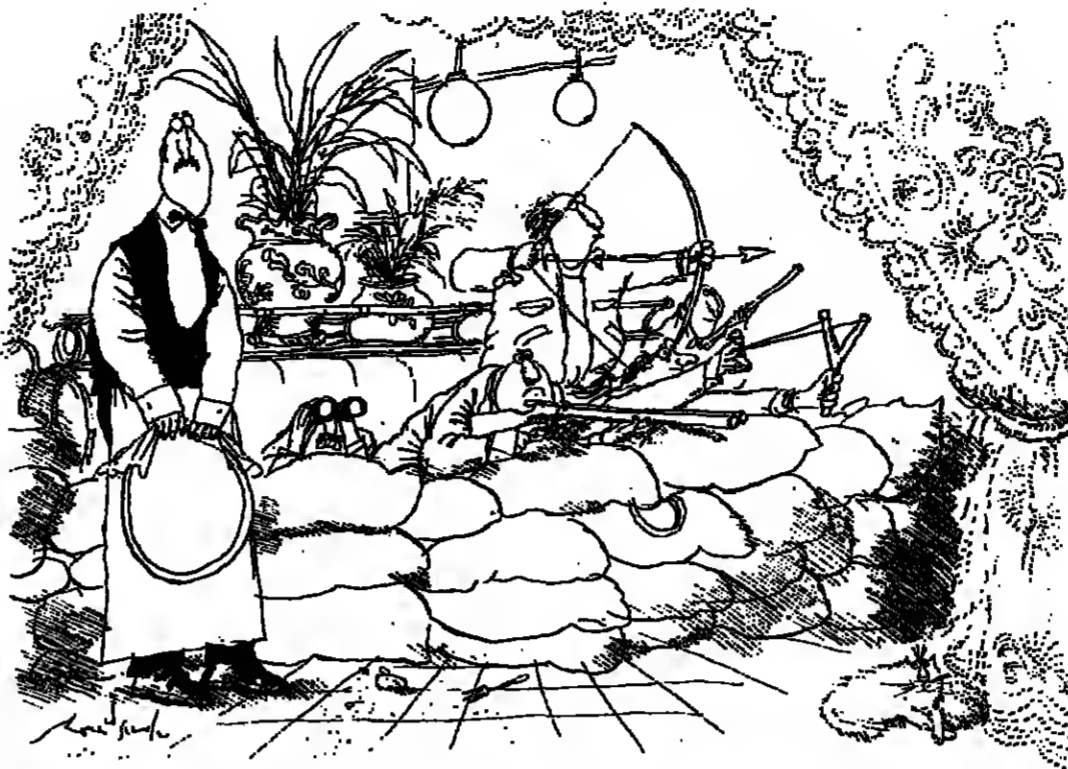
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The meeting ended with Bucher agreeing to the conditions of Les Amis: no food from a centralized kitchen, respect for the personnel, the independence of Le Balzar. He further suggested that Les Amis hear their views. "Trust me," he said, which they are not about to do. "An entrepreneur as rich as you is surrounded by flatterers, we do not flatter," said an Ami virtuously. To an outsider it seemed sporting of him to have sat through two hours of insults and to have offered breakfast to boot.

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leads Les Amis du Balzar. By now there are about 500 Amis including a man who has eaten at Balzar since he was 2 years old. The point of Les Amis is that Bucher is quite simply unfit to understand Balzar's cultural context. Some of them argue that a place belongs to those who use it and not only to the person who buys it and that Bucher should desist from running Balzar at all.

The breakfast meeting began with an air of unconvinced conviviality. Bucher ruddy and rich at the middle of a long table with the new manager of Balzar — cool and trim as a meat cleaver — at one end, and the anxious longtime chef at the other. In between were Les Amis telling Bucher he had to meet certain standards to keep their custom: "Do you want us still to come and what guarantees will you give to make us come?" asked Valentin.

"Look, we are here to understand each other," said Bucher (dubious glances). "It would be a pity to take a small jewel like this which

works perfectly well and transform it. I promise not to change it. Do you really think I need Balzar to make a living? I need to defend it along with you."

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OPENING NIGHT — The actors Giovanni Ribisi and Natasha Gregson Wagner arriving at the Los Angeles premiere of their movie "First Love, Last Rites."

PEOPLE

A GOLF caddy in New York has filed a lawsuit against the actor Michael Douglas, contending that the film star injured him in the testicles with a golf shot. James Parker alleged in his suit filed in Manhattan federal court that his testicles ruptured from the impact of the golf ball and that one testicle had to be removed. Douglas's publicist, Allen Burry, said the actor was "shocked" by the allegations. He said Douglas acknowledged being a member of a foursome that had used the caddy, but denied being the person who struck the ball. "Michael was the one who got help for the guy. He can't believe this," Burry said. "He said: 'This is just ridiculous.'"

A homeless man who admitted to an attempted stalking charge after trying to contact the singer Linda Ronstadt says his only crime was not knowing how to

approach her. "Linda Ronstadt has touched my heart, soothed my soul and occupied part of my mind for twenty-and-some years," Bernard Ortiz wrote to the judge who sentenced him to 10 months in prison. Ortiz, a schizophrenic, was sentenced to three years' probation in June after pleading guilty to attempted stalking. But he violated terms of the deal three weeks later when he sent a package to Ronstadt's relatives, saying it was for her birthday. Court officials said the gift package contained a watch, birthday candles and a letter.

After a six-month search, the Kimbell Art Museum in Fort Worth, Texas, has named Timothy Potts, director of the National Gallery of Victoria in Melbourne, to be its new director. Potts, who will begin his job in early fall, is replacing Edmund Pillsbury, who had been the Kimbell's director for 17 and a

half years and had announced his intention to leave in January.

A music promoter has won exclusive rights to the name The Drifters, ending a court battle with a woman whose husband managed the original rhythm-and-blues vocal group. A federal jury awarded exclusive U.S. rights to Larry Marshall, a promoter who since 1976 has used the Drifters name. He had sued Faye Treadwell, whose husband, George, managed the group from its formation in 1953 until his death in 1967.

The jazz singer Nina Simone blamed racism in the United States for her decision to live abroad for the past 25 years. In Lebanon to sing at a festival, Simone said that as a black person, "I have paid a heavy price fighting the establishment." She did not elaborate.



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